

Weekly Review—July 15, 2022

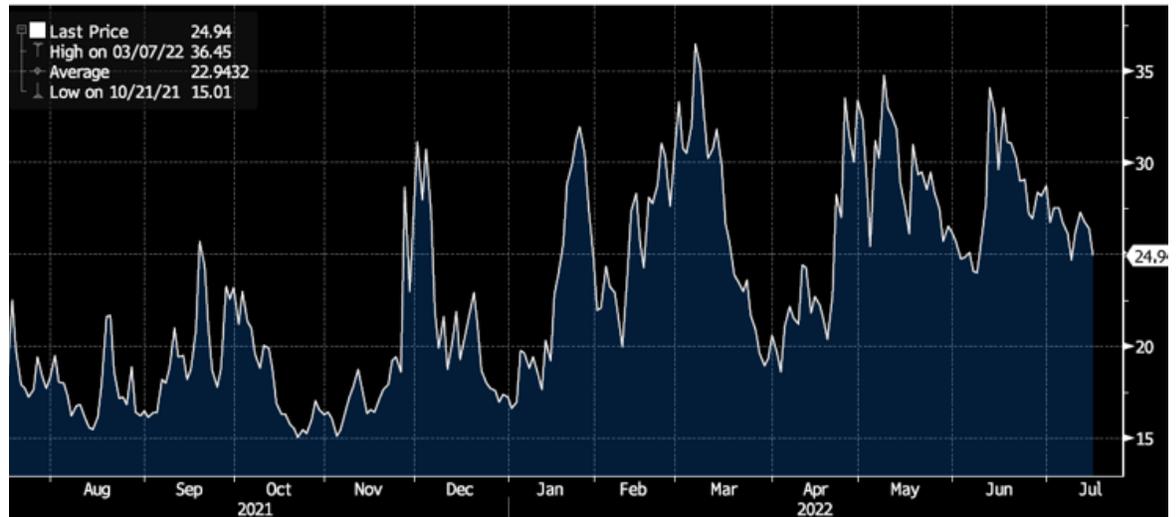
‘Cause we are living in a material world... Retail sales came in stronger than expected, demonstrating the resolve of the American consumer. This information combined with the higher-than-expected CPI and PPI figures released this week support a 75bps hike in the overnight rate by the FOMC later this month. The I-70 series is back on, this time the battle is between the two Federal Reserve presidents: George (KC) and Bullard (Stl). Bullard has been vocal regarding higher and faster hikes to curb inflation, while George has expressed caution by dissenting in the June meeting, voting against the 75bps hike, desiring a more moderate 50bps move. George likely sees the inverted yield curve as support for fears of moving too quickly and slowing down the economy to severely, resulting in a recession. Consumers are burning through their pandemic savings and taking on higher levels of revolving debt, possibly giving more support for Bullard’s position. We are already in the 3rd quarter of 2022 and there is no clear direction of the economy; therefore, no clear path for the FOMC either.

Joy and pain are like sunshine and rain... The volatility this year brings up visions of videos of men my age attempting to surf at a waterpark. Sure, we used to be athletic, agile, but years of working at a desk have slowly eaten away at what used to be sinewy leg muscles and left them as flimsy, overstretched rubber bands. And when we first step on that surfboard we can hear the eternal crowd cheering and we feel alive; only to be brought down from Olympus to the unforgiving slap of the water rushing past us. A look at the VIX chart (provided by Bloomberg) below illustrates the highs and lows we have seen in the equity markets over the past year. This has not been a smooth ride, but it has been adventurous. This type of environment necessitates working together with trusted partners. Reach out to your Investment Representative, they are good at their jobs and enjoy working with you and for you.

California...knows how to party... La famiglia Maggi is heading west next week to see relatives, show our boys where their parents lived when they were newlyweds, and maybe even say high to Mickey and friends. I have a feeling that any inflationary pressures we’ve felt in the Midwest will be exacerbated by California’s “hold my beer” prices. But it’s for the kids, right? Best to you and your families, may you still know how to party, we need some relief, don’t we?

Have a great weekend!

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Source: Bloomberg LP

NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
07/18/2022	\$6,100,000	PRATT KS UT GO BQ A	2023-2032
07/18/2022	\$9,305,000	DODGE CITY KS -A UT GO A+	2023-2042
07/18/2022	\$1,495,000	DODGE CITY KS-TEMP NTS -1 UT GO SPI+	2024
07/18/2022	\$12,520,000	GARDNER KS -A UT GO AA-	2023-2042
07/18/2022	\$1,400,000	GARDNER KS -B-TEMP NTS UT GO SPI+	2023
07/19/2022	\$12,935,000	KS DEV FIN AUTH -G REVS	2023-2047

ECONOMIC CALENDAR

Monday 7/18	Tuesday 7/19	Wednesday 7/20	Thursday 7/21	Friday 7/22
Total Net TIC Flows	Housing Starts	MBA Mortgage Applications	Initial Jobless Claims	S&P Global US Manufact. PMI
Net Long-term TIC Flows	Building Permits	Existing Home Sales	Leading Index	S&P Global US Services PMI
NAHB Housing Market Index			Philadelphia Fed Bus. Outlook	S&P Global US Composite PMI

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	4.75	4.00	3.25	3 Mo.	0.89
Discount Rate	1.75	1.00	0.25	6 Mo.	1.04
Fed Funds Rate	1.58	0.83	0.10	1-Year	1.45
IOER	1.65	0.90	0.15	2-Year	1.78
1-Month Libor	2.16	1.32	0.09	3-Year	1.92
11th Dist COFI (ECOFC)	0.49	0.38	0.28	5-Year	2.13
1-Yr. CMT	3.16	3.15	0.08	7-Year	2.43
Dow	31,288.26	30,668.53	34,987.02	10-Year	2.66
NASDAQ	11,452.42	11,099.15	14,543.13	30-Year	3.34
S&P 500	3,863.16	3,789.99	4,360.03		
Bond Buyer	3.34	3.16	2.04		

Treasuries & New Issue Agencies (<i>Spread to Treasuries</i>)						CMO Spreads to Treasuries		
	Treasuries	Bullets	NC-6 Mo.	NC-1 Year	NC- 2 Year		PAC	Vanilla
3 Mo. Bill	2.31					1-Year	N/A	+30
6 Mo. Bill	2.85					2-Year	35	45
1-Year Bill	3.09					3-Year	75	85
2-Year Note	3.12	7	1	0		5-Year	85	95
3-Year Note	3.15	7	4	2	1			
5-Year Note	3.05	7	18	13	6			
7-Year Note	3.02	25	26	19	9			
10-Year Note	2.93	42	40	31	20			
20-Year Bond	3.33							
30-Year Bond	3.08							

MBS Current Coupon Yields		
GNMA 30 Yr.		4.06%
FNMA 30 Yr.		4.49%
GNMA 15 Yr.		3.75%
FNMA 15 Yr.		3.78%

About the Author, Matthew Maggi



Prior to joining CMG in 2016, Matthew was the Corporate Treasurer at a \$1.2 billion publicly-traded community bank headquartered in Missouri. During his tenure, he developed and implemented balance sheet strategies to maximize margin while managing acceptable levels of interest rate risk, liquidity, and capital. Matthew not only managed the investment portfolio, but also conducted extensive loan portfolio performance analyses.

Previously, he was a Treasury Analyst for one of the largest privately held banks in the U.S. He monitored cash flow and liquidity and developed funding strategies. Matthew leverages his extensive balance sheet management experience to provide tactical and strategic solutions to maximize performance while mitigating risks for the community banks.

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