



Weekly Review—July 23, 2021

Don't you, forget about me... COVID-19 gained more spotlight this week as cases continue to rise in several places throughout the US. While not at levels seen during the national peak in 2020, some areas saw localized record levels and hit mostly unvaccinated persons and placed familiar strains on healthcare facilities, healthcare workers, and affected families. With much focus on a return-to-normal across most of the country over the past few months, we were reminded of the adaptability and severity that comes with this virus. The world continues to learn to live with the virus but slowly as more knowledge is gained and as more countries gain access to and implement more vaccinations. It can be hard to remain hopeful, but it is a crucial element to overcoming difficulties.

I'm walking on sunshine...whoa! Equity markets continued their march upward after shaking off a sell-off earlier in the week and some ho-hum economic results. The positive increase in Housing Starts gave hope for an increase in supply for would-be buyers. The Kansas City Fed Manufacturing Activity index for July rose 3 points from the prior release and the Markit US Manufacturing PMI continued its rise demonstrating the rising costs of increased production. Mostly strong corporate earnings fueled stronger equity valuation with 4 out of 5 days in positive territory.

I get knocked down, but I get up again... As we can see in the Bloomberg chart below, Long-term Treasury yields tried to climb back up from their low points on Tuesday. The 10-year hit 1.14% in intraday trading and ended the week closer to 1.30%. Next week, we will see the first release of 2Q GDP, personal income/spending figures as well as a FOMC meeting and the release of their preferred PCE Core inflation measure. Regardless of expectations, we should see continued volatility in long-term yields as the economic recovery positives combat increased COVID-19 infections over the near-term. Have a wonderful weekend!

Matthew Maggi | Senior Vice President | Capital Markets Group | 800 548-2663 | matthew.maggi.commercebank.com



NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
07/26/2021	\$3,115,000	POLK CITY IA—REF	2022-2041
07/26/2021	\$4,465,000	CITY OF PRESCOTT WI	2022-2030
07/26/2021	\$5,015,000	EGG HARBOR WI VLG-A	2022-2041
07/28/2021	\$40,000,000	SARPY CO NE—LTD TAX	2022-2038

ECONOMIC CALENDAR

Monday 7/26	Tuesday 7/27	Wednesday 7/28	Thursday 7/29	Friday 7/30
New Home Sales	Durable Goods Orders	MBA Mortgage Applications	GDP Annualized QoQ	Personal Income
New Home Sales MoM	Conf. Board Consumer Confide.	Wholesale Inventories MoM	Initial Jobless Claims	Personal Spending
Dallas Fed Manf. Activity	Richmond Fed Manufact. Index	FOMC Rate Decision	Core PCE QoQ	MNI Chicago PMI

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	3.25	3.25	3.25	3 Mo.	0.02
Discount Rate	0.25	0.25	0.25	6 Mo.	0.05
Fed Funds Rate	0.10	0.10	0.10	1-Year	0.07
IOER	0.15	0.15	0.10	2-Year	0.10
1-Month Libor	0.09	0.10	0.18	3-Year	0.20
11th Dist COFI	0.31	0.34	0.76	5-Year	0.42
1-Yr. CMT	0.07	0.05	0.15	7-Year	0.68
Dow	35,061.69	33,874.24	26,652.33	10-Year	0.96
NASDAQ	14,836.99	14,271.73	10,461.42	30-Year	1.51
S&P 500	4,411.81	4,241.84	3,235.66		
Bond Buyer	2.03	2.09	2.12		

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	0.04					1-Year	N/A	+40
6 Mo. Bill	0.04					2-Year	45	50
1-Year Bill	0.06					3-Year	55	64
2-Year Note	0.21	1	-12	-12		5-Year	65	75
3-Year Note	0.38	1	-8	-11	-12			
5-Year Note	0.77	2	5	0	-7			
7-Year Note	1.10	4	12	5	-5			
10-Year Note	1.34	13	27	18	7			
20-Year Bond	1.89							
30-Year Bond	1.97							

MBS Current Coupon Yields	
GNMA 30 Yr.	1.82%
FNMA 30 Yr.	1.71%
GNMA 15 Yr.	0.44%
FNMA 15 Yr.	1.11%

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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