



La dolce vita... Today's release of the PCE Core Deflator YoY came in at 4.8%, adding further pressure to the consumer. In a related release, Personal Spending came in higher than expected at 1.1% for the month of June. Consumers are having to pay more for goods and services, but some items are discretionary, like travel. One of the effects of living through the pandemic has been an appreciation for the "good" things of life. As readers of this column may know, my family just went on a vacation to California. Having lived there in the early 2000s, my wife and I knew what to expect as far as traffic, waiting in line, and the overall crowded nature of most public places. We enjoyed our favorite foods, spent time with family, and visited places we had never been to before. It definitely cost more than previous trips but the time spent together was priceless and definitely representative of *la dolce vita*.

La vida loca... One thing we have experienced this past year has been rapid change in our lives and in the markets. One of the key indexes used by the FOMC to help gauge labor market conditions is the Employment Cost Index (ECI). Today's release of 1.3% increase for the 2nd quarter provides further proof of the price being paid by employers to attract and retain talent. It also speaks to the tightness in the labor markets. One anecdotal "index" I watch is the number of fast-food restaurants who display "We're Hiring" signs. I don't remember seeing so many, even during the labor market tightness of the recovery from the Great Recession. One of the toughest jobs right now is human resources, or talent management. Coming up with the right balance of benefits, compensation, and attractive positions all while attempting to stay within budget is always difficult, but now it has become likely the most challenging time in these professionals' careers. Change in how employees want to work has disrupted several industries causing many difficult decisions to be made. Recession fears are driving corporations to begin to plan for an economic downturn; in several earnings releases, forecasted earnings came in lower. A CEO at a large automaker hinted at future layoffs by saying the company "absolutely has too many people." This kind of information possibly portends upcoming changes in the labor market. While the latest release of 2Q GDP (advance) indicated a technical recession, look to indicators like the JOLTS Job Openings and the Challenger Job Cuts YoY next week for further signals of an economic downturn.

C'est la vie... Regardless of the adversity we are likely going to face in the near-term, the only thing we can control is how we react. As someone who learned the hard way several times in my life, I can tell you that although things may appear crazy sometimes, life can still be sweet depending on your attitude. Take time to appreciate a good meal with your customers, your friends, and your family. Yes, it's likely going to cost more, but the time spent together is worth it. Our customers make everything we do worth doing; thank you.

Have a great weekend!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
08/03/2022	\$4,230,000	LINCOLN CO MO AMBULANCE DIST UT BQ	2025-2041
08/04/2022	\$9,700,000	LENEXA KS -A UT GO BQ	2023-2042

ECONOMIC CALENDAR

Monday 8/1	Tuesday 8/2	Wednesday 8/3	Thursday 8/4	Friday 8/5
ISM Manufacturing	JOLTS Job Openings	MBA Mortgage Applications	Trade Balance	Change in Nonfarm Payrolls
S&P Global US Manufact. Index		Durable Goods Orders	Initial Jobless Claims	Unemployment Rate
Construction Spending MoM		Factory Orders	Continuing Claims	Consumer Credit

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	5.50	4.75	3.25	3 Mo.	0.87
Discount Rate	2.50	1.75	0.25	6 Mo.	1.02
Fed Funds Rate	2.30	1.58	0.10	1-Year	1.43
IOER	2.40	1.65	0.15	2-Year	1.68
1-Month Libor	2.37	1.65	0.09	3-Year	1.77
11th Dist COFI (ECOFC)	0.49	0.38	0.28	5-Year	1.93
1-Yr. CMT	2.93	2.88	0.07	7-Year	2.23
Dow	32,845.13	31,029.31	35,084.53	10-Year	2.45
NASDAQ	12,390.69	11,177.89	14,778.26	30-Year	3.27
S&P 500	4,130.29	3,818.83	4,419.15		
Bond Buyer	3.27	3.54	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	2.35					1-Year	N/A	+30
6 Mo. Bill	2.84					2-Year	35	40
1-Year Bill	2.92					3-Year	65	75
2-Year Note	2.90	8	1	0		5-Year	75	85
3-Year Note	2.84	6	5	2	1			
5-Year Note	2.72	9	18	14	6			
7-Year Note	2.72	27	26	18	8			
10-Year Note	2.69	45	41	31	20			
20-Year Bond	3.24							
30-Year Bond	3.03							

MBS Current Coupon Yields	
GNMA 30 Yr.	3.70%
FNMA 30 Yr.	3.88%
GNMA 15 Yr.	3.45%
FNMA 15 Yr.	3.27%

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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