



Weekly Review—August 5, 2022

Just a bit outside... July Nonfarm payrolls surprised most this morning. Payrolls increased by 528,000 versus an estimated 250,000 while June payrolls were revised up to 398,000 from 372,000. Bond prices fell pushing yields up in anticipation of another significant rate hike by the Fed next month. A miss like this happens rarely and when it does, markets react with vigor. The Unemployment rate fell one basis point to 3.5% while average hourly earnings came in higher than expected. The calls for a recession were shushed by the labor market today. Market participants are still figuring out if the pitch was intentional or a loss of control due to lack of tack. A most interesting economic year continues. Investors might need to step out of the batter’s box, exhale, and regroup.

We need a live rooster... Times like this challenge investors, possibly causing them to seek a different strategy. Some might look for some magical spell or idea that will change things for the better. We don’t need a spell, we need to revisit our investment policies and strategy to help us remember that for the most part, we are investing for the long-term. It certainly becomes difficult in times like this to remain focused on our long-term goals as short-term volatility receives most of our attention. Reach out to your Investment Representative in the Commerce Bank Capital Markets Group to help ease concerns and discuss the best strategies to help you achieve your ultimate long-term goals.

Baseball may be a religion full of magic, cosmic truth, and the fundamental ontological riddles of our time, but it’s also a job. I really enjoy working in the financial industry – for several reasons. But I also battle internally with the complexity involved with the markets, banking, and relationship management. The temptation to always find the “one thing” that will solve issues that come up for my customers is quelled by the calming reassurance of days like today. If some of the best economists, like those who contribute to surveys like the one in Nonfarm payrolls, can miss like they did this week, perhaps I can cut myself a little slack and be okay with throwing one in the stands occasionally. My job is to do my best for my clients. I’m definitely okay with that.

Have a great weekend!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
08/08/2022	\$13,580,000	GRAIN VLY MO -A UT GO AA-	2025-2033
08/09/2022	\$5,335,000	TOPEKA KS-B-TEMP NTS UT GO SPI+	2023
08/09/2022	\$16,950,000	TOPEKA KS-B UT GO AA	2023-2037

ECONOMIC CALENDAR

Monday 8/8	Tuesday 8/9	Wednesday 8/10	Thursday 8/11	Friday 8/12
	NFIB Small Business Optimism	CPI MoM/YoY	PPI MoM/YoY	U. of Mich. Sentiment
	Nonfarm Productivity	MBA Mortgage Applications	Initial Jobless Claims	Import Price Index MoM/YoY
	Unit Labor Costs	Wholesale Inventories MoM	Continuing Claims	Export Price Index MoM/YoY

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	5.50	4.75	3.25	3 Mo.	0.98
Discount Rate	2.50	1.75	0.25	6 Mo.	1.13
Fed Funds Rate	2.33	1.58	0.10	1-Year	1.54
IOER	2.40	1.65	0.15	2-Year	1.69
1-Month Libor	2.37	1.80	0.09	3-Year	1.75
11th Dist COFI (ECOFC)	0.66	0.49	0.28	5-Year	1.89
1-Yr. CMT	3.11	2.79	0.07	7-Year	2.17
Dow	32,803.47	30,967.82	35,064.25	10-Year	2.40
NASDAQ	12,657.55	11,322.24	14,895.12	30-Year	3.21
S&P 500	4,145.19	3,831.39	4,429.10		
Bond Buyer	3.21	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	2.47					1-Year	N/A	+30
6 Mo. Bill	3.05					2-Year	35	42
1-Year Bill	3.25					3-Year	67	77
2-Year Note	3.24	7	1	0		5-Year	77	87
3-Year Note	3.19	4	5	2	1			
5-Year Note	2.98	7	18	14	6			
7-Year Note	2.93	16	25	18	8			
10-Year Note	2.86	44	40	31	19			
20-Year Bond	3.30							
30-Year Bond	3.09							

MBS Current Coupon Yields	
GNMA 30 Yr.	3.67%
FNMA 30 Yr.	3.87%
GNMA 15 Yr.	3.45%
FNMA 15 Yr.	3.31%

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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