



It's all about inflation. Below, please find an overview of this week's key inflation data.

July's consumer inflation data released on Wednesday showed a welcome moderation in prices. Specifically, the consumer price index (CPI) increased only 8.5% from a year earlier, down from June's 9.1% rate which marked a forty year high. While July's 8.5% increase was lower than expected, the reduction was primarily due to declines in only a few categories -- used cars, hotels, airfares, car rentals -- rather than a broad-based trend. All agree that consumer inflation remains far too high.

On the production side, producer prices unexpectedly fell in July for the first time in more than two years primarily driven by a drop in energy costs. The producer price index (PPI) decreased 0.5% from a month earlier and rose 9.8% from a year ago, Labor Department data showed Thursday. Excluding the volatile food and energy components, core PPI rose 0.2% from June and 7.6% from a year earlier. Both the overall and core figures were below estimates. July's PPI data suggests some pipeline inflationary pressures are beginning to ease which could ultimately temper the pace of consumer price growth in coming months.

Although July's inflation data showed signs that inflationary pressures are beginning to subside, one month's data does not make a trend. Based on recent Fed speak, the battle against record high inflation is far from over as policy makers plan to continue their tightening ways until it is clear inflation is in a persistent downtrend. The Fed fund futures market expects that the Fed will continue their current hawkish policy of front-loading hikes by pushing benchmark rates to 3.50% by year end. Although short-term rates are expected to increase, intermediate and longer-term rates may have already peaked – evidenced by the continued inversion of the treasury yield curve.

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
8/15/2022	\$8,960,000	WINFIELD KS -A UT GO BQ A+	2023-2042

ECONOMIC CALENDAR

Monday 8/15	Tuesday 8/16	Wednesday 8/17	Thursday 8/18	Friday 8/19
Empire Manufacturing	Housing Starts	MBA Mortgage Applications	Initial Jobless Claims	
Net Long-term TIC Flows	Industrial Production MoM	Retail Sales Advance MoM	Existing Home Sales	
Total Net TIC Flows	Building Permits	FOMC Meeting Minutes	Leading Index	

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	5.50	4.75	3.25	3 Mo.	1.13
Discount Rate	2.50	1.75	0.25	6 Mo.	1.28
Fed Funds Rate	2.33	1.58	0.10	1-Year	1.69
IOER	2.40	1.65	0.15	2-Year	1.77
1-Month Libor	2.39	1.90	0.10	3-Year	1.81
11th Dist COFI (ECOFC)	0.66	0.49	0.28	5-Year	1.95
1-Yr. CMT	3.26	2.97	0.08	7-Year	2.23
Dow	33,761.05	30,981.33	35,499.85	10-Year	2.46
NASDAQ	13,047.19	11,264.73	14,816.26	30-Year	3.27
S&P 500	4,280.15	3,818.80	4,460.83		
Bond Buyer	3.27	3.37	2.14		

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	2.53					1-Year	N/A	+30
6 Mo. Bill	3.02					2-Year	35	40
1-Year Bill	3.23					3-Year	65	72
2-Year Note	3.24	6	1	0		5-Year	72	82
3-Year Note	3.18	3	5	2	0			
5-Year Note	2.98	7	18	14	6			
7-Year Note	2.93	17	26	19	9			
10-Year Note	2.86	46	40	31	19			
20-Year Bond	3.35							
30-Year Bond	3.13							

MBS Current Coupon Yields	
GNMA 30 Yr.	3.85%
FNMA 30 Yr.	4.11%
GNMA 15 Yr.	3.45%
FNMA 15 Yr.	3.62%

About the Author, Dennis Zimmerman



In 2015, Dennis joined Commerce Bank's Capital Markets Group as Manager of Asset/Liability Services. With his leadership, the Capital Market's ALM team provides asset/liability management consulting services to community banks.

Prior to joining Commerce, he was employed for nearly 26 years at one of the largest privately-held banks in Kansas. In addition to managing a \$775 million bond portfolio, his Asset/Liability Chairman responsibilities included managing margin, interest rate risk, liquidity and capital. Prior to becoming the bank's Finance Treasury Officer, he was a Registered Investment Representative and Supervising Principal in the bank's Capital Markets division.

As a seasoned professional, Mr. Zimmerman offers a comprehensive understanding of bank finance treasury, fixed income, complex financial analysis as well as regulatory and operational awareness. As a banker, he understands the challenge of balancing shareholder expectations within appropriate levels of risk.

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