

## Weekly Review—September 2, 2021

*Do you remember...Dancing in September...* I love September. It reminds me of going back to school, learning new things, seeing old friends, and the return of football, international soccer, and family gatherings for birthdays. And of course, the song by Earth, Wind & Fire. However, this year, I'm leaning more toward *Wake Me When September Ends* by Green Day – and it appears the bond market agrees.

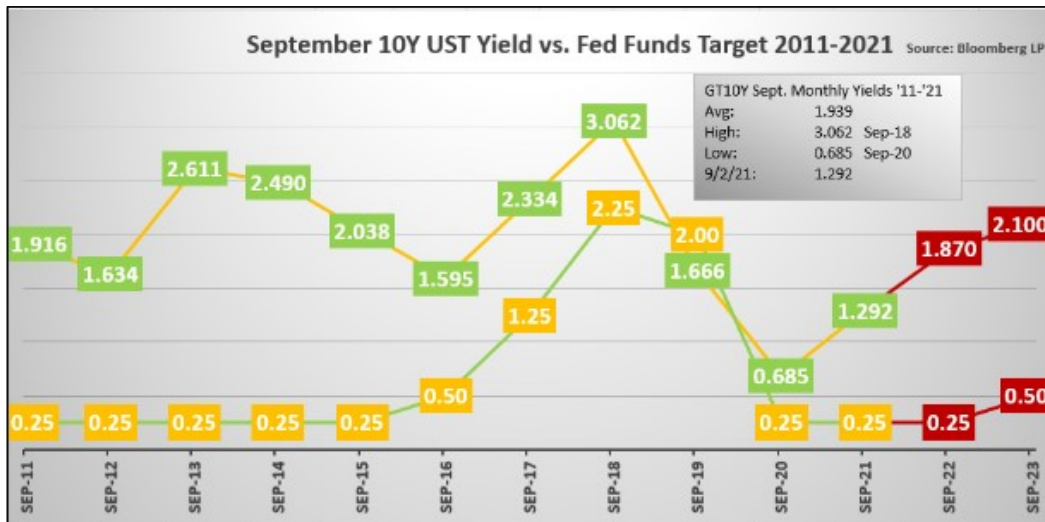
This week the trading range on the 10-year treasury has been a slim 1.28%-1.31%. There was no dancing, no volatility on display as we all await the Fed's official announcement regarding tapering of the \$120B in monthly bond purchases. It is expected to be discussed at the FOMC meeting later this month and the bond market participants are standing awkwardly waiting for someone to make the first move. It's the eighth-grade dance all over again! We're waiting to hear what song the FOMC chooses. Something groovy, or a slow dance where we can all at least participate.

The chart below compares the monthly yields on the 10-year treasury and the Fed Funds Target (FFT) rate for the past 10 years along with a possible move in both yields over the next two. Historically, the two have moved somewhat in the same direction, albeit with the 10-year bond leading the dance. This time it is a little different as the Fed, while using policy tools to affect both ends, has said they are thinking of acting more on lowering bond purchases than raising short-term interest rates. So, we expect a delay until 2023 to see an increase in the FFT but should see a quicker increase in the 10-year yield over the same time. Will we see 3% again on the 10-year? Not likely over the next few years, but perhaps within the next five.

While I love September, this one appears to be a snoozer so far. We must wait until the FOMC provides more guidance – only then will we know which dance moves to use.

Have a great weekend!

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### NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
09/08/2021	\$5,205,000	MAIZE KS TMP NTS UT GO BQ NR	2024
09/08/2021	\$2,330,000	BROOKFIELD MO-COPS-REF A	2022-2036
09/09/2021	\$31,845,000	WICHITA KS-828 UT GO AA+	2022-2041

**ECONOMIC CALENDAR**

Monday 9/6	Tuesday 9/7	Wednesday 9/8	Thursday 9/9	Friday 9/10
Labor Day Markets Closed		MBA Mortgage Applications JOLTS Job Openings	Initial Jobless Claims Continuing Claims Larger Consumer Comfort	PPI Final Demand MoM/YoY Wholesale Inventories MoM

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	3.25	3.25	3.25	3 Mo.	0.05
Discount Rate	0.25	0.25	0.25	6 Mo.	0.08
Fed Funds Rate	0.08	0.07	0.09	1-Year	0.10
IOER	0.15	0.15	0.10	2-Year	0.13
1-Month Libor	0.08	0.09	0.16	3-Year	0.21
11th Dist COFI	0.26	0.28	0.65	5-Year	0.46
1-Yr. CMT	0.07	0.07	0.12	7-Year	0.76
Dow	35,443.82	34,838.16	29,100.50	10-Year	1.05
NASDAQ	15,331.18	14,681.07	12,056.44	30-Year	1.68
S&P 500	4,536.94	4,387.16	3,580.84		
Bond Buyer	2.14	2.03	2.15		

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	0.03					1-Year	N/A	+40
6 Mo. Bill	0.04					2-Year	45	50
1-Year Bill	0.06					3-Year	54	62
2-Year Note	0.21	-1	-12	-13		5-Year	62	72
3-Year Note	0.40	1	-8	-11	-12			
5-Year Note	0.77	1	5	1	-7			
7-Year Note	1.07	2	12	5	-5			
10-Year Note	1.29	8	27	18	6			
20-Year Bond	1.83							
30-Year Bond	1.81							

MBS Current Coupon Yields		
GNMA 30 Yr.		1.89%
FNMA 30 Yr.		1.79%
GNMA 15 Yr.		0.44%
FNMA 15 Yr.		1.13%

**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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