



Weekly Review—September 4, 2020

"I'm taking what they're giving 'cause I'm workin' for a livin'..." The unemployment rate dipped back down into single digits, coming in at 8.4% compared to 10.2% in July. The change in nonfarm payrolls beat expectations at just under 1.4 million. The increase came primarily from Private Service-Providing sectors led by the Trade, Transportation and Utilities category, accompanied by a about a third of the increase coming from government jobs. Either way, the increase in jobs and the lower unemployment give some confidence to those who may be optimistic about a faster than expected economic recovery. One's near-term economic outlook depends, of course, on various contributing factors.

"I guess that's why they call me. They call me the workin' man." The Labor Day holiday weekend signals an end of the summer and back to school for those who have not already returned. I am thankful for the strong work ethic that was instilled in me by my parents and extended family and friends. I have been around people of varying income levels throughout my life, but no matter where these influential people were on that scale, I was impressed by those who just got up, did the work, and came home with what they made for their families. Sometimes we assign a certain image of someone when we hear the word "worker;" however, work is a significant part of almost everyone's life. Let's take some time to appreciate all of our workers and those who have helped us in our careers. Just take some time to recognize the importance of work in our society and show some gratitude toward someone special in your life.

"She works hard for the money..." It can be challenging when you put money to work at the current interest rate levels. The 2-year treasury yield is trading around 0.14% and the 10-year is around 0.70% (at the time of writing.) If we reference charts below, you can see where the 10-yr yield has traded since March. Putting aside the possible offensive gesture or portend of what yields will look like later during the summer, the range as been around 0.65%-0.75%. Besides the adage of keep investing, look for more advantageous upticks in yields to help pick up basis points where you can. Another indicator to look at is the spread between the 10-year treasury and the 2-yr. This shows the investor the steepness of the curve or helps answer the question of how much an investor may be rewarded for extending duration. The second chart shows the spread between the two tenors since March. The average spread has been around 50 basis points, or 0.50%. Use this to help you determine what part of the curve rewards you as you roll down the curve. There are no simple answers to investing; however, reach out to your CMG Investment Representative. They are some of the hardest working people I know. Have a great weekend!

- Song references:
- Huey Lewis and the News: *Workin' for a Livin'*
 - Rush: *Working Man*
 - Donna Summer: *She Works Hard for the Money* (a favorite of my mother)

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
09/08/2020	\$6,830,000	COLUMBIA MO SWR REV AA	2021-2036
09/08/2020	\$16,200,000	OLIVETTE MO GO AA2	2021-2040
09/08/2020	\$685,000	CITY OF GODDARD KS BQ GO	2022-2041
09/10/2020	\$3,955,000	WICHITA KS GO TXBL AA +	2021-2035

ECONOMIC CALENDAR

Monday 9/7	Tuesday 9/8	Wednesday 9/9	Thursday 9/10	Friday 9/11
Labor Day Markets Closed	NFIB Small Business Optimism	MBA Mortgage Applications JOLTS Job Openings	PPI Final Demand MoM Initial Jobless Claims Wholesale Inventories MoM	CPI MoM CPI YoY Monthly Budget Statement

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	3.25	3.25	5.25	3 Mo.	0.07
Discount Rate	0.25	0.25	2.75	6 Mo.	0.16
Fed Funds Rate	0.09	0.10	2.13	1-Year	0.20
IOER	0.10	0.10	2.1	2-Year	0.22
1-Month Libor	0.16	0.15	2.08	3-Year	0.24
11th Dist COFI	0.65	0.68	1.16	5-Year	0.37
1-Yr. CMT	0.12	0.12	1.72	7-Year	0.62
Dow	28,133.31	26,828.47	26,355.47	10-Year	0.98
NASDAQ	11,313.14	10,941.17	7,976.88	30-Year	1.78
S&P 500	3,426.96	3,306.51	2,937.78		
Bond Buyer	2.22	2.09	2.97		

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	0.10					1-Year	N/A	+50
6 Mo. Bill	0.11					2-Year	55	65
1-Year Bill	0.11					3-Year	60	70
2-Year Note	0.13	3	10	9		5-Year	70	80
3-Year Note	0.16	9	21	19	15			
5-Year Note	0.27	16	40	37	31			
7-Year Note	0.47	24	48	44	36			
10-Year Note	0.68	33	65	60	50			
20-Year Bond	1.20							
30-Year Bond	1.41							

MBS Current Coupon Yields	
GNMA 30 Yr.	1.47%
FNMA 30 Yr.	1.33%
GNMA 15 Yr.	0.10%
FNMA 15 Yr.	0.84%

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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