



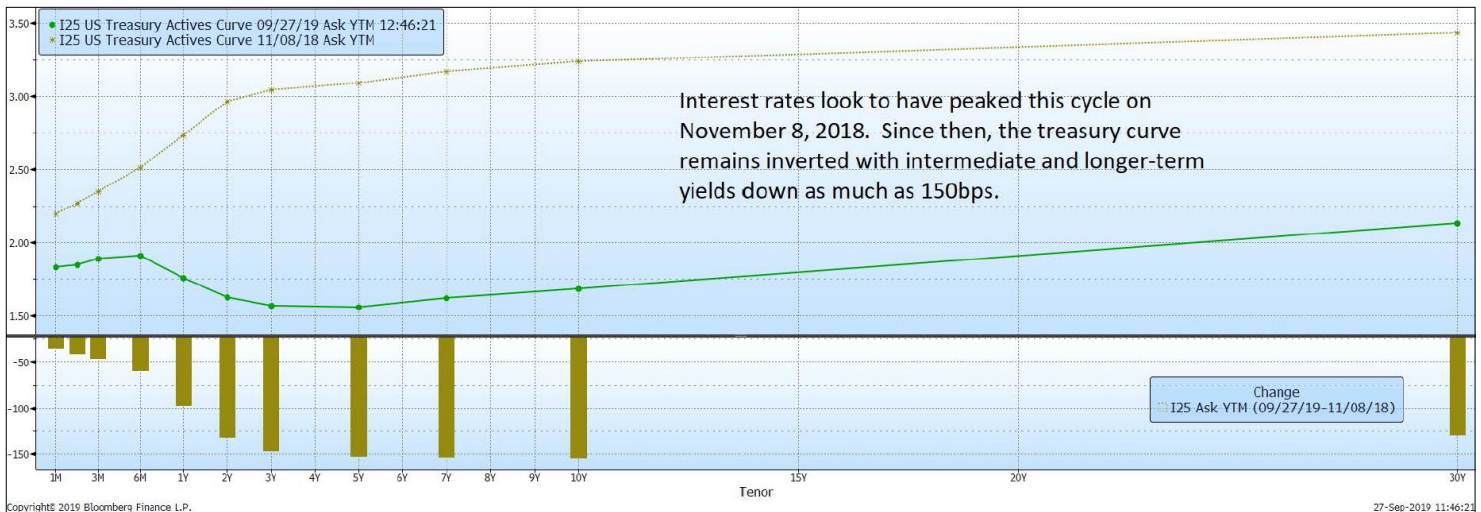
## Weekly Review—September 27, 2019

Although the Fed maintains their pledge to “act as appropriate to sustain the expansion,” last week’s FOMC meeting message was one that suggested that policy makers are not inclined to aggressively pursue additional monetary stimulus based on their current forecasts. But, last week’s review of the Fed’s dot-plot rate projections revealed that the FOMC is not cohesive in terms of the future direction of policy rates. Fed Chairman Powell appears to have a more dovish tilt. In his press conference, Powell stated that the Fed is willing to move based on an evolving risk picture and acknowledged that more extensive cuts may be needed if the economy weakens.

Understanding that U.S. economic growth is expected to be less than 2% in both the third and fourth quarters, job growth is decelerating, geopolitical risks are increasing, and trade tensions have not improved, policy makers may be forced to act more aggressively than some on the policy-setting committee hope. For the reasons stated above, fed funds futures anticipate two additional 25bps rate cuts – one in December and another as early as second quarter of next year.

Your comments/questions are encouraged.

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
09/30/2019	\$2,655,000	MINNEOLA KS TMP NTS 2019 UT GO BQ	2022
10/01/2019	\$6,500,000	BAYLESS CSD STLCO MO 2019 AA- BQ	2026-2039
10/01/2019	\$16,130,000	GARDEN CITY KS 2019A TAXABLE UT GO	2020-2039
10/01/2019	\$1,420,000	GARDEN CITY KS 2019B UT GO	2020-2029

## ECONOMIC CALENDAR

Monday 9/30	Tuesday 10/1	Wednesday 10/2	Thursday 10/3	Friday 10/4
MNI Chicago PMI	Markit US Manufacturing PMI ISM Manufacturing Construction Spending MoM	MBA Mortgage Applications ADP Employment Change	Initial Jobless Claims Factory Orders Durable Goods Orders	Change in Nonfarm Payrolls Unemployment Rate Trade Balance

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	5.00	5.25	5.25	3 Mo.	1.22
Discount Rate	2.50	2.75	2.50	6 Mo.	1.25
Fed Funds Rate	1.90	2.12	1.93	1-Year	1.29
IOER	1.80	2.10	2.20	2-Year	1.27
1-Month Libor	2.04	2.14	2.24	3-Year	1.29
11th Dist COFI	1.16	1.14	1.02	5-Year	1.31
1-Yr. CMT	1.74	1.75	2.58	7-Year	1.38
Dow	26,820.25	25,777.90	26,439.93	10-Year	1.56
NASDAQ	7,939.63	7,826.95	8,041.97	30-Year	2.21
S&P 500	2,961.79	2,869.16	2,914.00		
Bond Buyer	2.66	3.07	4.18		

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	1.77					1-Year	N/A	+45
6 Mo. Bill	1.84					2-Year	50	62
1-Year Bill	1.75					3-Year	60	75
2-Year Note	1.64	4	29	12		5-Year	75	86
3-Year Note	1.58	5	41	26	2	<b>MBS Current Coupon Yields</b>		
5-Year Note	1.57	9	59	45	23	GNMA 30 Yr.	2.37%	
7-Year Note	1.63	19	65	53	35	FNMA 30 Yr.	2.65%	
10-Year Note	1.69	26	79	68	54	GNMA 15 Yr.	2.28%	
30-Year Bond	2.14					FNMA 15 Yr.	2.26%	

### 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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