



## Weekly Review—October 2, 2020

While some trailing economic data continues to tell a tale of a possible rapid recovery, events and announcements that took place this week may be foretelling of possible further concern. The positive tests for COVID-19 for President Trump and the First Lady, and some attendees of the event for announcing Amy Coney Barrett as nominee for the Supreme Court along with a few announced job cuts from Disney's theme park division, Raytheon, and some airlines present an argument against a quick v-shaped recovery.

While the unemployment rate decreased from 8.4% to 7.9%, the participation rate declined from 61.7% to 61.4% highlighting fewer people being considered part of the active workforce. Strong manufacturing activity and increased payrolls provide a glimmer of hope for a strengthening economy but the heaviest-weighted part of our economy, personal spending, decreased from a revised 1.5% in July to an even 1% in August. This coupled with the 2.7% decrease in personal income counter the positive manufacturing and lower jobless claims released this week. The PCE Deflator YoY was 1.4% and the Core version of this metric came in at 1.6% YoY. While well away from the FOMC's target of 2% for a period of time, it can add to some consumer pain as incomes decrease and spending slows while prices rise slightly. The future of the economy remains a little muddy but with continued effort and likely some financial support from the government, a more normalized economy should result in the mid-term.

Some of us have received emails from our kids' school or places/events where someone has tested positive. Certainly, the spotlight shines brighter on those in government who have tested positive, but this is larger than politics. This affects people's lives and should appeal to our humanity and desire to be better toward each other. We've had plenty of name-calling and blaming associated with this pandemic and while that might make some feel better, it is only temporary and serves no real purpose. Each of us needs to concentrate on how we can help others, putting the health of everyone above our own desires. It is not easy, yet I know we can all be that model for others. We have it in us, we only need acknowledge it and use it.

Take care and enjoy the weekend!

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### NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
10/05/2020	\$ 2,960,000	PUB WTR DIST 1 MACON CO MO REVS 2020 BQ A-	2021-2032
10/06/2020	\$ 2,420,000	HARVEY CO KS 2020 UT GO BQ RATINGS APPLIED	2021-2031
10/06/2020	\$ 55,000,000	PARKWAY C2 SCHOOL DIST STL CO MO UT GO AAA	2022-2040
10/08/2020	\$ 5,880,000	CHESTERFIELD MO COPS 2020A BQ Aa1	2026-2029
10/08/2020	\$ 5,200,000	CHESTERFIELD MO COPS TAXABLE 2020A TAXABLE Aa1	2021-2025
10/08/2020	\$6,650,000	SPRING HILL KS TMP NTS TAXABLE 2020B UT GO AA-	2022-2036
10/08/2020	\$ 3,615,000	DERBY KS TAXABLE 2020B UT GO AA-	2022-2036

**ECONOMIC CALENDAR**

Monday 10/5	Tuesday 10/6	Wednesday 10/7	Thursday 10/8	Friday 10/9
Markit US Services PMI	Trade Balance	MBA Mortgage Applications	Initial Jobless Claims	Wholesale Inventories MoM
Markit US Composite PMI	JOLTS Job Openings	FOMC Minutes	Continuing Claims	Wholesale Trade Sales Mom
ISM Services Index		Consumer Credit		

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	3.25	3.25	5.00	3 Mo.	0.04
Discount Rate	0.25	0.25	2.50	6 Mo.	0.13
Fed Funds Rate	0.09	0.09	1.90	1-Year	0.17
IOER	0.10	0.10	1.80	2-Year	0.19
1-Month Libor	0.14	0.16	2.02	3-Year	0.21
11th Dist COFI	0.53	0.65	1.16	5-Year	0.36
1-Yr. CMT	0.12	0.12	1.73	7-Year	0.64
Dow	27,682.81	29,100.50	26,078.62	10-Year	1.02
NASDAQ	11,075.02	12,056.44	7,785.25	30-Year	1.83
S&P 500	3,348.44	3,580.84	2,887.61		
Bond Buyer	2.25	2.20	2.62		

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	0.08					1-Year	N/A	+50
6 Mo. Bill	0.10					2-Year	55	65
1-Year Bill	0.11					3-Year	65	78
2-Year Note	0.13	1	5	6		5-Year	75	90
3-Year Note	0.16	7	16	15	12			
5-Year Note	0.28	14	33	31	27			
7-Year Note	0.47	15	46	41	34			
10-Year Note	0.69	32	69	62	52			
20-Year Bond	1.25							
30-Year Bond	1.48							

  

MBS Current Coupon Yields	
GNMA 30 Yr.	1.43%
FNMA 30 Yr.	1.39%
GNMA 15 Yr.	0.17%
FNMA 15 Yr.	0.88%

**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.

**\*\*\*If you no longer wish to receive this weekly review, please send an email to [CapitalMarketsGroup@commercebank.com](mailto:CapitalMarketsGroup@commercebank.com)\*\*\***

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