



## Weekly Review—October 14, 2022

With the release of recent inflation data, it felt as though House Targaryen sent their dragons to lay waste to our realm. Core CPI rose by 6.5%, more than expected. The preliminary release of the University of Michigan 1-year Inflation expectation rose to 5.1% from the previous release of 4.7%. The expectation was to fall in-line with headline trends of an overall decrease. While the equity markets and the bond market basically shrugged off the CPI and PPI releases, albeit after an initial freakout yesterday, the building expectation of higher inflation throughout next year weighed on asset values today.

With less than a month before mid-term elections, the higher inflation figures, particularly higher core inflation numbers, are likely placing unwanted pressure on those in House Democrat. House Republican are sending out their mightiest warriors in the hopes of weakening their foe's grip on power. We love a good struggle for power drama, don't we? Whether fantasy or real, we are drawn to the political battle for who will sit upon the Iron Throne or at 1600 Pennsylvania Avenue NW. We must only look to our friends in the United Kingdom for another clash for power and the market volatility that follows.

The survey of 68 economists via Bloomberg's ECFC screen provided a darkening skies outlook as well. The headline is at the top: Probability of Recession 60% (in the next 12 months). This is an increase from the previous probability of 50%. Forecasted GDP hovers around 0% growth over the next few quarters and climbs to a meager 1.4% by 2024. Unemployment is projected to increase and peak around 4.6% by the end of next year and the yield curve looks to remain inverted throughout 2023.

Dark days look to be upon us, but hold fast, make informed decisions, and protect your realm. Winter may be coming, my friends, but Spring and Summer shall arrive soon enough.

Have a great weekend!

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### NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
10/17/2022	19,770,000	Overland Park, KS GO	2023-2042
10/18/2022	3,300,000	Ottawa, KS GO	2023-2032
10/20/2022	9,000,000	Gove County Unified SD # 293 GO	2024-2047

## ECONOMIC CALENDAR

Monday 10/17	Tuesday 10/18	Wednesday 10/19	Thursday 10/20	Friday 10/21
Empire Manufacturing	Industrial Production MoM Capacity Utilization Total Net TIC Flows	MBA Mortgage Applications Housing Starts Building Permits	Initial Jobless Claims Existing Home Sales Leading Index	

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	6.25	5.50	3.25	3 Mo.	2.36
Discount Rate	3.25	2.50	0.25	6 Mo.	2.51
Fed Funds Rate	3.08	2.33	0.08	1-Year	3.00
IOER	3.15	2.40	0.15	2-Year	3.07
1-Month Libor	3.41	2.78	0.09	3-Year	3.11
11th Dist COFI (ECOFC)	1.11	0.87	0.22	5-Year	3.15
1-Yr. CMT	4.50	3.92	0.11	7-Year	3.24
Dow	29,634.83	31,135.09	34,912.56	10-Year	3.39
NASDAQ	10,321.39	11,719.68	14,823.43	30-Year	4.18
S&P 500	3,583.07	3,946.01	4,438.26		
Bond Buyer	3.84	3.73	2.28		

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	3.29					1-Year	N/A	+35
6 Mo. Bill	3.89					2-Year	45	55
1-Year Bill	3.97					3-Year	90	95
2-Year Note	4.14	13	81	80		5-Year	95	115
3-Year Note	4.16	8	84	82	81			
5-Year Note	3.96	8	98	94	86			
7-Year Note	3.86	22	105	98	89			
10-Year Note	3.73	55	120	111	99			
20-Year Bond	4.02							
30-Year Bond	3.71							

MBS Current Coupon Yields		
GNMA 30 Yr.		5.56%
FNMA 30 Yr.		5.75%
GNMA 15 Yr.		5.36%
FNMA 15 Yr.		4.98%



### 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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