



Weekly Review—October 16, 2020

Eddie Van Halen succumbed to cancer last week, and I thought back to how much he influenced me not only musically, but also in my career. He is considered a virtuoso – much like Paganini in his time, but he is also known for his dedication to his craft and instrument. Van Halen was innovative; he combined parts from both Fender and Gibson (rivals!) guitars to achieve a new sound through his creation: Frankenstein. You know the guitar; the red one with white stripes painted in varying directions. Perhaps the best lesson learned was to never stop improving.

We all know the solos Eddie Van Halen played, but we rarely saw the work that went into achieving that masterful sound. I've worked with various people who say stuff like, "Matt, I don't care how the watch works. I only want to know what time it is." This phrase means she or he only wanted to discuss the big picture. Understandably, in a board meeting you should discuss the big picture: where are we now and where are we going. Time is precious and a discussion of how a specific bond or loan behaves under several different scenarios can be had outside of the meeting. However, I have also learned the lesson of being prepared for questions. If you only have the big picture, it may be difficult to explain how a certain result occurred. I am certainly guilty of getting lost in the math. Ask any of my clients and they can probably think of a time where I might have lost them in the mathematical calculation of their Economic Value of Equity (EVE). Questions usually arise when an answer looks different from our expectations. By spending time in the model, understanding how each piece fits and behaves under various circumstances, I have been able to quickly conclude, or respond to a client's inquiry with the why. The why to me is more important than the what. Eddie Van Halen taught me the value of time spent working with the parts to create and understand the result.

Van Halen never stopped learning. He built a recording studio in his house and kept adding to it throughout his life. He wanted to know all the parts of the process of making a hit record. The people who stand out usually put in time to understand how all the parts contribute to the whole. This knowledge can help all of us in our careers and our lives.

Often when people die, we only remember the good. Van Halen was not perfect; however, what he achieved in his career and the way he worked and gave us some life-altering music will be his legacy. A legacy is what we leave behind for others to learn from, to enjoy, to remember us by. After I read of his death, many memories of how he influenced my childhood came to me. Like the time I figured out how to play Jump on my Casio keyboard. When I started to learn how to play to drums by listening to and playing along with my cassette of *1984*. Or the time I split my pants at a grade school party trying to leap like David Lee Roth. I will put my teal and black tiger-print bandana around my neck, keep trying to get better at everything I do, and you better believe I'll be jumping until I leave this world. Thank you.

Take care and enjoy the weekend!

Matthew Maggi | Vice President | Commerce Bank – Capital Markets Group (CMG) | 800 548-2663 | matthew.maggi@commercebank.com

NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
10/19/2020	\$1,390,000	WABAUNSEE CO KS 2020A UT GO BQ A+	2021-2035
10/20/2020	\$9,305,000	LENEXA KS 2020A UT GO BQ Aaa AAA	2021-2041
10/20/2020	\$4,965,000	SEDGWICK CO KS 2020A UT GO BQ	2021-2040
10/21/2020	\$5,115,000	NE PUB SEW DIST MO 2020A REVS TAXABLE A+	2021-2025
10/21/2020	\$6,545,000	NE PUB SEW DIST MO 2020B REVS BQ A+	2025-2034
10/22/2020	\$5,880,000	O'FALLON MO FPD 2020 UT GO BQ	2021-2033

ECONOMIC CALENDAR

Monday 10/19	Tuesday 10/20	Wednesday 10/21	Thursday 10/22	Friday 10/23
	Housing Starts Building Permits	MBA Mortgage Applications Fed Beige Book Released	Initial Jobless Claims Leading Index Existing Home Sales	Markit US Manufacturing PMI Markit US Services PMI Markit US Composite PMI

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	3.25	3.25	5.00	3 Mo.	0.07
Discount Rate	0.25	0.25	2.50	6 Mo.	0.16
Fed Funds Rate	0.09	0.09	1.82	1-Year	0.20
IOER	0.10	0.10	1.80	2-Year	0.22
1-Month Libor	0.15	0.15	1.89	3-Year	0.24
11th Dist COFI	0.53	0.65	1.16	5-Year	0.38
1-Yr. CMT	0.12	0.13	1.65	7-Year	0.70
Dow	28,606.31	28,032.38	27,001.98	10-Year	1.09
NASDAQ	11,671.56	11,050.47	8,124.18	30-Year	1.93
S&P 500	3,483.81	3,385.49	2,989.69		
Bond Buyer	2.35	2.22	2.70		

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	0.09					1-Year	N/A	+50
6 Mo. Bill	0.11					2-Year	55	65
1-Year Bill	0.12					3-Year	66	76
2-Year Note	0.14	2	5	6		5-Year	75	88
3-Year Note	0.18	5	16	15	12			
5-Year Note	0.31	14	33	31	27			
7-Year Note	0.52	19	46	41	34			
10-Year Note	0.74	30	69	62	52			
20-Year Bond	1.29							
30-Year Bond	1.53							

MBS Current Coupon Yields	
GNMA 30 Yr.	1.39%
FNMA 30 Yr.	1.36%
GNMA 15 Yr.	0.20%
FNMA 15 Yr.	0.93%

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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