



Weekly Review—November 8, 2019

Fool me once, shame on you. Fool me like 27 times...you get the point. The Markets fell for the false hope of a trade deal being done with China again. Yesterday, equity markets continued their surge upward while a selloff in the bond market brought yields up near three-month highs. The Treasury curve “normalized” by steepening and looked like we were headed for better times! It took less than 24 hours for President Trump to comment and provide doubt in the validity of any accord. Markets are digesting this latest info with much more caution than yesterday’s exuberance; however, we still have a steepening curve – longer durations have higher yields than shorter.

To be fair, headlines did explicitly say the two countries agreed to roll back tariffs **IF** a phase one agreement was in place, but either the algorithms and machine learning apparatuses failed to comprehend the conditional preposition, or it was us humans longing too forcefully for better news. Either way, the chorus of The Who’s “Won’t Get Fooled Again” should be blaring from corner offices throughout the nation – I think we all know we will be.

The 10-year is trading around 1.90% (see the Bloomberg Screen below), teasing us toward the 2% level we have not seen in what seems like a lifetime (it was only as long ago as July 31st). We’ve experienced the depths of 1.45% on September 3rd and intraday trading this week brought us up to 1.95% – so close! No matter what, yields are higher (prices lower), so we should see some pick up in volumes of investors buying the dips going into 4Q. It was a great trade for those who did so last year! But as we know, history does not always repeat itself.

I know China is feeling the pain of this drawn-out trade war more so than us, but I really do not see an agreement until after the election a year from now. We will be fine as long as the consumer still buys stuff and drives our economy and the job markets and wage growth continue to be strong. In the meantime, look for investment opportunities to meet your internal return goals and reach out to your Capital Markets Group Investment Representative for any strategies! We are so thankful for your business and more importantly, for the relationships we’ve built along with you!

Have a great weekend!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
11/12/2019	\$19,115,000	JOHNSON CNTY, KS WTR REV AAA	2020-2030
11/13/2019	\$1,390,000	JOHNSON CNTY, KS PBC AAA	2020-2039
11/13/2019	\$22,105,000	JOHNSON CNTY, KS GO AAA	2020-2039
11/13/2019	\$180,315,000	MISSOURI HWY REVS AA+	2020-2026

ECONOMIC CALENDAR

Monday 11/11	Tuesday 11/12	Wednesday 11/13	Thursday 11/14	Friday 11/15
		MBA Mortgage Applications CPI MoM	PPI Final Demand MoM Initial Jobless Claims	Empire Manufacturing Retail Sales Advance MoM Industrial Production MoM

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	4.75	5.00	5.25	3 Mo.	1.10
Discount Rate	2.25	2.50	2.75	6 Mo.	1.13
Fed Funds Rate	1.55	1.82	2.20	1-Year	1.15
IOER	1.55	1.80	2.20	2-Year	1.18
1-Month Libor	1.76	1.94	2.32	3-Year	1.20
11th Dist COFI	1.13	1.16	1.08	5-Year	1.30
1-Yr. CMT	1.58	1.64	2.74	7-Year	1.46
Dow	27,681.24	26,164.04	26,191.22	10-Year	1.73
NASDAQ	8,475.31	7,823.78	7,530.89	30-Year	2.40
S&P 500	3,093.09	2,893.06	2,806.83		
Bond Buyer	2.86	2.62	4.36		

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	1.54					1-Year	N/A	+45
6 Mo. Bill	1.56					2-Year	50	63
1-Year Bill	1.56					3-Year	61	75
2-Year Note	1.64	3	11	1		5-Year	75	85
3-Year Note	1.66	4	20	10		MBS Current Coupon Yields		
5-Year Note	1.70	8	37	27	12	GNMA 30 Yr.	2.42%	
7-Year Note	1.81	15	43	34	19	FNMA 30 Yr.	2.80%	
10-Year Note	1.90	22	57	48	37	GNMA 15 Yr.	2.22%	
30-Year Bond	2.38					FNMA 15 Yr.	2.34%	

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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