



Fed Chairman Powell was on Capitol Hill this week – Here are the key takeaways....

In his speech to the Joint Economic Committee of Congress on Wednesday, Powell reinforced the Fed's position that benchmark interest rates would likely be unchanged in the near-term as policy is currently "in a good place." With that said, they did signal that the central bank could resume cutting if their growth outlook weakens. "We see the current stance of monetary policy as likely to remain appropriate as long as incoming information about the economy remains broadly consistent with our outlook," Powell told Washington lawmakers. "However, noteworthy risks to this outlook remain." Powell, whose comments largely echoed the last month's FOMC's message after the Fed's third 25bps rate cut in 90 days, said slowing global growth and trade developments pose "ongoing risks." He added that persistently low inflation could lead to an "unwelcome" decline in longer-run inflation expectations. "The outlook is still a positive one. There is no reason this expansion can't continue," Powell said. "There is a lot to like about this rare place of the 11th year of an expansion and we're certainly committed to doing what we can to extend it."

On Thursday, Powell suggested to lawmakers that low interest rates might be a permanent part of the economic landscape. "We're in a world of much lower interest rates," he told members of the House Budget Committee. "That seems to be driven by long-run structural things and there's not a lot of reason to think that will change."

With stock prices continuing to set record highs, the equity market appears to agree with the Fed's current outlook as the U.S. economy seems to be weathering an economic slowdown abroad and on hopes of a near-term resolution to the current trade war. Although the current economic outlook remains positive, downside risks to the economy certainly outweigh upside risks.

Your comments/questions are encouraged.

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### NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
11/18/2019	\$10,335,000.00	THOMAS CO KS 2019 UT GO A+	2020-2047
11/18/2019	\$2,600,000.00	GARDNER KS 2019E UT GO BQ AA-	2020-2029
11/18/2019	\$2,005,000.00	FORT SCOTT COMM COLL BOURBON CO KS 2019 COPS BQ	2021-2032
11/19/2019	\$31,210,000.00	CLAYTON SD STLCO MO 2019 UT GO AAA	2021-2029
11/20/2019	\$7,120,000.00	JEFFERSON CITY MO SPEC OBS 2019 REVS AA-	2020-2039
11/21/2019	\$1,490,000.00	LIBERTY MO 2019A TXBL REV A+	2020-2028

**ECONOMIC CALENDAR**

Monday 11/18	Tuesday 11/19	Wednesday 11/20	Thursday 11/21	Friday 11/22
	Housing Starts	MBA Mortgage Applications	Initial Jobless Claims Leading Index Existing Home Sales	Markit US Manufacturing PMI U. of Mich. Sentiment

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	4.75	5.00	5.25	3 Mo.	1.09
Discount Rate	2.25	2.50	2.75	6 Mo.	1.12
Fed Funds Rate	1.55	1.82	2.20	1-Year	1.14
IOER	1.55	1.80	2.20	2-Year	1.16
1-Month Libor	1.76	1.89	2.31	3-Year	1.18
11th Dist COFI	1.13	1.16	1.08	5-Year	1.28
1-Yr. CMT	1.54	1.67	2.71	7-Year	1.42
Dow	28,004.89	27,024.80	25,289.27	10-Year	1.69
NASDAQ	8,540.83	8,148.71	7,259.03	30-Year	2.35
S&P 500	3,120.46	2,995.68	2,730.20		
Bond Buyer	2.85	2.59	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	1.55					1-Year	N/A	+45
6 Mo. Bill	1.57					2-Year	50	63
1-Year Bill	1.53					3-Year	61	75
2-Year Note	1.60	4	15	2		5-Year	75	85
3-Year Note	1.60	4	24	13		<b>MBS Current Coupon Yields</b>		
5-Year Note	1.63	8	42	32	13	GNMA 30 Yr.	2.37%	
7-Year Note	1.74	15	48	37	21	FNMA 30 Yr.	2.71%	
10-Year Note	1.82	22	62	51	39	GNMA 15 Yr.	2.07%	
30-Year Bond	2.30					FNMA 15 Yr.	2.29%	

**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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