



Weekly Review—December 3, 2021

And it's been a long December and there's reason to believe maybe this year will be better than the last...The US Treasury curve has been bull flattening with short-term yields still indicating the possibility of rate hikes by the FOMC in 3rd and 4th quarter '22 and long-term yields reacting to the latest COVID-19 variant. Referring to the Bloomberg chart below, we see the spread between the 2-year and 10-year treasuries looks a lot like last December: around 80bps, effectively wiping away the steepness of the curve we saw throughout 2021.

Fear is gripping the markets again. Fear of the Omicron variant, fear of further shutdowns, further delays in supply-chains, further pressure on employment, increased inflation, and an overall feeling of exhaustion among the populous. The sunshine on this cloudy day may be in the fact that despite higher inflation, and Chair Powell suggesting the discontinued description of "transitory" when reporting prices, the consumer is still buying. While continued consumer activity may be driven by a combination of the upcoming holiday season, a desperate need for normalcy, etc., the increased prices we all are experiencing has not reached a tipping point. Once reached, then the Fed will likely have its hands full, trying the patience of market participants.

The hope is this coming year will be better than the last. I listened to the *A Long December* by Counting Crows over and over before meeting my future wife for coffee – that turned out well. I think we will find a way to make the future better than it appears today. Keep fear at bay, stay patient, and be a little kinder toward one another. Best to you and your families.

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
12/06/2021	1.75M	W CO EMS & FIRE PROT DIST MO-A BQ	2022-2025
12/06/2021	1.575M	W CO EMS & FIRE PROT-B DIST MO TXBL	2022-2025
12/06/2021	5.44M	GREAT BEND -A KS BQ	2022-2042
12/06/2021	5MM	RICE CO KS BQ	2022-2041
12/07/2021	6.74M	LIBERTY MO -REF BQ	2022-2030

ECONOMIC CALENDAR

Monday 12/6	Tuesday 12/7	Wednesday 12/8	Thursday 12/9	Friday 12/10
	Trade Balance Nonfarm Productivity Consumer Credit	MBA Mortgage Applications JOLTS Job Openings	Initial Jobless Claims Wholesale Inventories MoM Continuing Claims	CPI MoM/YoY U. of Mich. Sentiment Monthly Budget Statement

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	3.25	3.25	3.25	3 Mo.	0.12
Discount Rate	0.25	0.25	0.25	6 Mo.	0.15
Fed Funds Rate	0.07	0.08	0.09	1-Year	0.17
IOER	0.15	0.15	0.10	2-Year	0.26
1-Month Libor	0.10	0.08	0.15	3-Year	0.39
11th Dist COFI	0.23	0.23	0.50	5-Year	0.65
1-Yr. CMT	0.27	0.15	0.11	7-Year	0.97
Dow	35,580.08	36,157.58	29,969.52	10-Year	1.15
NASDAQ	15,085.47	15,811.58	12,377.18	30-Year	1.69
S&P 500	4,538.43	4,660.57	3,666.72		
Bond Buyer	2.05	2.25	2.13		

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	0.04					1-Year	N/A	+35
6 Mo. Bill	0.08					2-Year	35	45
1-Year Bill	0.25					3-Year	50	55
2-Year Note	0.59	3	0	0		5-Year	55	65
3-Year Note	0.86	2	5	2	1			
5-Year Note	1.14	7	18	14	6			
7-Year Note	1.30	7	26	18	9			
10-Year Note	1.35	19	40	31	20			
20-Year Bond	1.77							
30-Year Bond	1.68							

MBS Current Coupon Yields	
GNMA 30 Yr.	2.00%
FNMA 30 Yr.	1.99%
GNMA 15 Yr.	0.44%
FNMA 15 Yr.	1.39%

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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