



Weekly Review—December 18, 2020

Earlier this week, the Fed wrapped up their final FOMC meeting of 2020 pledging that they will continue to provide ample accommodation into 2021 and beyond. Specifically, policy makers on Wednesday voted to continue their \$120 billion in bond purchases until they see “substantial further progress” in reducing unemployment and increasing inflation. Fed Chairman Powell stated in a post-conference interview that he expects the economy to perform “strongly” in the back half of 2021 – though he cautioned that the next several months would be “challenging.” Powell’s optimism was best summarized when discussing the Fed’s economic outlook whereas he stated that “we can kind of see the light at the end of the tunnel – we’re thinking that this could be another long expansion.”

Here’s hoping that the Fed’s current level of optimism springs eternal! With that, I wish you and your family a joyous holiday.

As a heads-up, the next CMG Weekly Commentary will be published January 8.

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
12/25/20		Merry Christmas!	

ECONOMIC CALENDAR

Monday 12/21	Tuesday 12/22	Wednesday 12/23	Thursday 12/24	Friday 12/25
Chicago Fed Nat Activity Index	GDP Annualized QoQ Existing Home Sales Conf. Board Consumer Confid.	MBA Mortgage Applications Initial Jobless Claims Personal Income/Spending		Markets Closed for Holiday

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	3.25	3.25	4.75	3 Mo.	0.03
Discount Rate	0.25	0.25	2.25	6 Mo.	0.12
Fed Funds Rate	0.09	0.09	1.56	1-Year	0.17
IOER	0.10	0.10	1.55	2-Year	0.19
1-Month Libor	0.15	0.14	1.74	3-Year	0.22
11th Dist COFI	0.50	0.52	1.10	5-Year	0.32
1-Yr. CMT	0.09	0.12	1.53	7-Year	0.54
Dow	30,180.69	29,438.42	28,239.28	10-Year	0.84
NASDAQ	12,755.64	11,801.60	8,827.73	30-Year	1.56
S&P 500	3,709.41	3,567.79	3,191.14		
Bond Buyer	2.12	2.28	2.74		

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	0.08					1-Year	N/A	+50
6 Mo. Bill	0.08					2-Year	53	60
1-Year Bill	0.09					3-Year	60	67
2-Year Note	0.12	1	4	3		5-Year	65	77
3-Year Note	0.18	4	10	9	6			
5-Year Note	0.37	8	24	22	17			
7-Year Note	0.65	10	33	27	20			
10-Year Note	0.93	20	49	42	33			
20-Year Bond	1.48							
30-Year Bond	1.69							

MBS Current Coupon Yields	
GNMA 30 Yr.	1.36%
FNMA 30 Yr.	1.39%
GNMA 15 Yr.	0.00%
FNMA 15 Yr.	0.79%

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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