



Weekly Review—December 13, 2019

Phase One complete. Yesterday, media outlets reported that the US and China agreed in principle on a phase-one trade agreement. Many reported the possibility of a relief in tariffs set for implementation on Sunday, December 15th. This morning, the Chinese trade delegation held a press conference confirming progress toward an agreement on the text for an accord including the reduction of imposed tariffs over time by the US. This combined with Boris Johnson’s election win in the UK, the House Judiciary Committee recommendation to the full House of Representatives for impeachment of president Trump, and mixed economic data this morning resulted in some ups and downs in equities and bond markets. At the time of writing, equity markets vacillate up and down from yesterday’s close while bond prices are up slightly causing interest rates to come off yesterday’s highs.

The 10-year treasury is trading around 1.85%, the 2-year treasury sits around 1.60%, a spread of 25bps, yet the mid to long tenors are falling faster than the shorter terms – a slight Bull Flattener. The plethora of news items to digest will likely cause further market reactions. The unknowns of how Brexit will take place – “*which would you prefer, a hard or soft option?*” – will likely weigh on European sovereign debt in the coming weeks. Expectations are for a January 31st deadline to be achieved. Who knows how the third Impeachment of a US president will affect markets? So far, the proceedings have had little impact on the major indices.

What is the play here? Of course, your specific investment policy and strategies are the guide for your decisioning; however, our Capital Markets Group Investment Representatives are among the best in the business. Reach out to your rep to execute an end of year strategy.

Thank you very much for your business and a Happy Holidays to each of you!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
12/17/2019	\$2,035,000	SENECA MO RVII SCHOOLS UT GO BQ AA+	2029-2032
12/18/2019	\$5,770,000	FORD CO KS USD 381 UT GO BQ RATING APPLIED	2020-2033

ECONOMIC CALENDAR

Monday 12/16	Tuesday 12/17	Wednesday 12/18	Thursday 12/19	Friday 12/20
Empire Manufacturing Markit US Manufacturing PMI	Housing Starts Industrial Production MoM	MBA Mortgage Applications	Initial Jobless Claims Leading Index Existing Home Sales	GDP Annualized QoQ Personal Income Personal Spending

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	4.75	4.75	5.25	3 Mo.	1.02
Discount Rate	2.25	2.25	2.75	6 Mo.	1.05
Fed Funds Rate	1.55	1.55	2.19	1-Year	1.07
IOER	1.55	1.55	2.20	2-Year	1.10
1-Month Libor	1.74	1.76	2.43	3-Year	1.11
11th Dist COFI	1.10	1.13	1.06	5-Year	1.19
1-Yr. CMT	1.55	1.58	2.70	7-Year	1.35
Dow	28,031.20	27,783.59	24,597.38	10-Year	1.58
NASDAQ	8,699.67	8,482.10	7,070.33	30-Year	2.26
S&P 500	3,163.40	3,094.04	2,650.54		
Bond Buyer	2.74	2.86	4.18		

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	+44
6 Mo. Bill	1.55					2-Year	50	62
1-Year Bill	1.53					3-Year	61	74
2-Year Note	1.61	3	10	0		5-Year	75	85
3-Year Note	1.64	2	21	11		MBS Current Coupon Yields		
5-Year Note	1.69	6	42	32	14	GNMA 30 Yr.	2.39%	
7-Year Note	1.80	14	47	38	21	FNMA 30 Yr.	2.75%	
10-Year Note	1.86	26	64	54	41	GNMA 15 Yr.	2.14%	
30-Year Bond	2.29					FNMA 15 Yr.	2.32%	

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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