



Weekly Review—February 16, 2018

Citius, Altius, Fortius! The Olympic motto of “Faster, Higher, Stronger,” is

an appropriate ideal for us all. I love the Olympics, particularly the winter games. Skiing, speed skating, luge, skeleton, ski jumping, hockey, and yes, curling all capture my attention. Yes, I love the sports, but I also love the inspiring stories and performances of athletes from around the world. The Olympics prove we possess the capability for different people to come together with hope and determination to live up to the principle giving it our best.

Citius

We often try to do our jobs and tasks more efficiently, shaving off seconds to be more productive. It is one thing to improve the time in which we complete a task, but it is only better if we maintain or increase the quality of the output. Improvement comes from lots and lots of practice, or repetition. Sometimes we might need to work, like the downhill skiers, along the edge of control to get better, faster; however, we must remain within the lines in order not to get disqualified! One example to help with this practice and preparation is to develop a playbook that helps us react better when certain risks present themselves. As we approach our liquidity policy limits, if we have a playbook, or a set of predetermined and board approved actions, we can react much more rapidly than if we simply make decisions without a plan.

Altius

We are inculcated from an early age to strive to get to the top of the ladder or climb that mountain – both metaphors for success. While there are the rare examples of those succeeding without much effort, most of us must work hard for a very long time to achieve any level of success. I prefer the mountain metaphor because it is more realistic: you might have to go down to go up, or right to go left. The ladder makes success seem easy; just climb and you will make it! The mountain is rugged and sometimes unpredictable. Now, I’m not suggesting we all place those climbing machines from the ‘80s and ‘90s in our offices, but we can address our goals with mountain-like scenarios. And the most successful climbers are part of a team. Only by working together will we get higher faster.

Fortius

One of the most prominent things about the Olympians is their strength. They practice for years to get their bodies into the best possible shape for competition. While us bankers likely don’t look as strong as these athletes, we show strength in our communities through lending, investing, and volunteering. One of the best things about being part of a community is helping others. Taking time to fill backpacks with food, feeding the hungry at a soup kitchen, serving on non-profit boards, helping to build homes for the homeless, etc. are all ways in which we as bankers can strengthen our communities and ourselves. Strength comes in a wide range of ways, but all strength comes from repetitive action, especially when individuals come together and form a team with purpose, determination, and a hope for a better tomorrow.

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
02/20/2018	\$3,390,000	MANHATTAN KS TEMP NT GO AA2	2020-2021
02/22/2018	\$25,145,000	WYANDOTTE CNTY/KANSAS CITY KS REV A1/AA	2019-2038
02/22/2018	\$8,675,000	WYANDOTTE CNTY/KANSAS CITY KS A1/AA	2019-2038



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ECONOMIC CALENDAR				
Monday 2/19	Tuesday 2/20	Wednesday 2/21	Thursday 2/22	Friday 2/23
		MBA Mortgage Applications Markit US Manufacturing PMI Existing Home Sales	Initial Jobless Claims Leading Index	

KEY INDICES				MUNI AA—BQ	
	Current	Last Month	One Year Ago		
Prime Rate	4.50	4.50	3.75	3 Mo.	1.16
Discount Rate	2.00	2.00	1.25	6 Mo.	1.26
Fed Funds Rate	1.42	1.42	0.66	1-Year	1.36
1-Mo. Libor	1.59	1.56	0.77	2-Year	1.57
11th Dist COFI	0.75	0.75	0.59	3-Year	1.74
1-Yr. CMT	2.00	1.78	0.86	5-Year	2.08
Dow	25,219.38	25,792.86	20,619.77	7-Year	2.35
NASDAQ	7,239.47	7,223.69	5,814.90	10-Year	2.68
S&P 500	2,739.38	2,776.42	2,347.22	30-Year	3.26
Bond Buyer	3.84	3.52	3.94		

Treasuries & New Issue Agencies <i>(Spread to Treasuries)</i>					
	Treasuries	Bullets	NC-6 Mo.	NC-1 Year	NC- 2 Year
3 Mo. Bill	1.59				
6 Mo. Bill	1.82				
1-Year Bill	1.97				
2-Year Note	2.18	7	14	13	
3-Year Note	2.38	4	22	19	12
5-Year Note	2.61	6	38	32	24
7-Year Note	2.79	6	46	39	29
10-Year Note	2.86	28	66	58	47
30-Year Bond	3.12				

CMO Spreads to Treasuries		
	PAC	Vanilla
1-Year	N/A	+35
2-Year	35	45
3-Year	43	52
5-Year	55	64

MBS Current Coupon Yields	
GNMA 30 Yr.	3.38%
FNMA 30 Yr.	3.52%
GNMA 15 Yr.	2.95%
FNMA 15 Yr.	3.03%



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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