



## Weekly Review—April 20, 2018

The battle between the individual and society has intrigued me since my youth. Books like *Fahrenheit 451* and *Brave New World* captivated me and made me think. Attempting to balance the needs and importance of the one versus the greater good, seemingly proves futile, yet, the importance of the individual remains a prominent aspect of our culture. We celebrate the achievements of individuals in sports, business, politics, even our families, but we hope that individual contribution benefits others. This challenge also manifests itself when managing our fixed income portfolios.

A major part of portfolio management success is picking the right bond. The difficulty lies in balancing the individual characteristics of a bond and how it fits into the overall portfolio strategy. Sometimes we find the perfect security and we may hold a bias that this one investment will be a superstar, leading the way towards increasing our overall return while remaining within our risk tolerance levels. If we could only find a bond that makes us look like we are better, smarter than the rest, we could be rewarded and asked to share our success on CNBC or Bloomberg TV! The truth is that is not why we invest. We manage portfolios to help the company improve earnings, manage liquidity, or provide collateral for pledging. We do this so we can benefit others, the greater good of our work-lives. Part of our investing criteria and decision-making must include the reality that we invest to benefit others, not the individual.

Another critical aspect of our investing decision-making is we do not do this alone. Even if we are considered a superstar, we rely on others to succeed. We research trends, economic data, seek out advice, opinions on the future direction of the market. When executing a trade, we rely on staff to correctly book it on our general ledgers and account for it properly. Analysis of our portfolios requires a team of people. Our success depends on others and we strive to reward them through the performance of our investments. We are not alone.

For me, this past week has embodied teamwork. Several milestones and goals were met due to a collaborative effort by several individuals. Let us be your partner in helping share in your investing success. Let us be the one who helps you benefit the greater good.

Have a great weekend!

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
4/23/2018	\$1,630,000	BUCKLIN KS 2018A UT GO BQ NR	2019-2043
4/24/2018	\$6,665,000	VILLAGE OF GLEN CARBON ILL 2018 UT GO BQ Aa2 (NEGOTIATED)	2020-2039



ECONOMIC CALENDAR				
Monday 4/23	Tuesday 4/24	Wednesday 4/25	Thursday 4/26	Friday 4/27
Markit US Manufacturing PMI Existing Home Sales	New Home Sales Conf. Board Consumer Confidence	MBA Mortgage Applications	Wholesale Inventories MoM Durable Goods Orders Initial Jobless Claims	GDP Annualized QoQ U. of Mich. Sentiment

KEY INDICES				MUNI AA—BQ	
	Current	Last Month	One Year Ago		
Prime Rate	4.75	4.50	4.00	3 Mo.	1.45
Discount Rate	2.25	2.00	1.50	6 Mo.	1.55
Fed Funds Rate	1.69	1.43	0.91	1-Year	1.72
1-Mo. Libor	1.90	1.84	0.99	2-Year	1.84
11th Dist COFI	0.82	0.78	0.65	3-Year	1.98
1-Yr. CMT	2.21	2.08	1.02	5-Year	2.21
Dow	24,462.94	24,727.27	20,578.71	7-Year	2.40
NASDAQ	7,146.13	7,364.30	5,916.78	10-Year	2.63
S&P 500	2,667.83	2,716.94	2,355.84	30-Year	3.22
Bond Buyer	3.87	3.90	3.71		

Treasuries & New Issue Agencies <i>(Spread to Treasuries)</i>					
	Treasuries	Bullets	NC-6 Mo.	NC-1 Year	NC- 2 Year
3 Mo. Bill	1.81				
6 Mo. Bill	2.00				
1-Year Bill	2.19				
2-Year Note	2.44	9	12	9	
3-Year Note	2.60	8	24	19	9
5-Year Note	2.77	9	38	32	22
7-Year Note	2.89	16	50	44	33
10-Year Note	2.93	28	67	59	49
30-Year Bond	3.12				

CMO Spreads to Treasuries		
	PAC	Vanilla
1-Year	N/A	+35
2-Year	33	43
3-Year	40	49
5-Year	53	63

MBS Current Coupon Yields	
GNMA 30 Yr.	3.46%
FNMA 30 Yr.	3.63%
GNMA 15 Yr.	3.02%
FNMA 15 Yr.	3.18%



### 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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