

## Weekly Review—February 16, 2024

As snow falls this morning, reminding us that winter is still here, so, too, have two key inflation measures, shouted out: “I am still here! Hello!?!” The CPI data for January informed investors of the stubbornness inflation can exhibit. The increase from December was 0.3% versus the expected 0.2% while the increase from last January was 3.1% compared to the expected 2.9%. This morning, PPI was 0.3% over December’s figure and 0.9% over last January’s number. The bond market is reacting with a slight sell-off and reluctantly giving back the hopes of lower rates coming sooner rather than later.

Looking at the Bloomberg chart below, we see a comparison of the treasury curve from October 2023 (top curve), from December 2023 (lowest curve), and this morning’s treasury curve right after the release PPI data (middle curve). While the belly of the curve has not returned to 5% levels, we are closer to 4.50% than 4%. Additionally, the fed funds future market has relented its hopes of cuts in March and even June of this year.

Economic releases are starting to show dents and scratches in what has appeared to be a high-performing machine, roaring its engine down the main drag of our towns. Key indicators for this author include the dramatically lower change in consumer debt levels for December (\$1.6B vs expectation of \$16B!), Retail Sales Advance MoM falling short of expectations (-0.8% vs -0.2%), and lower-than-expected manufacturing and production figures.

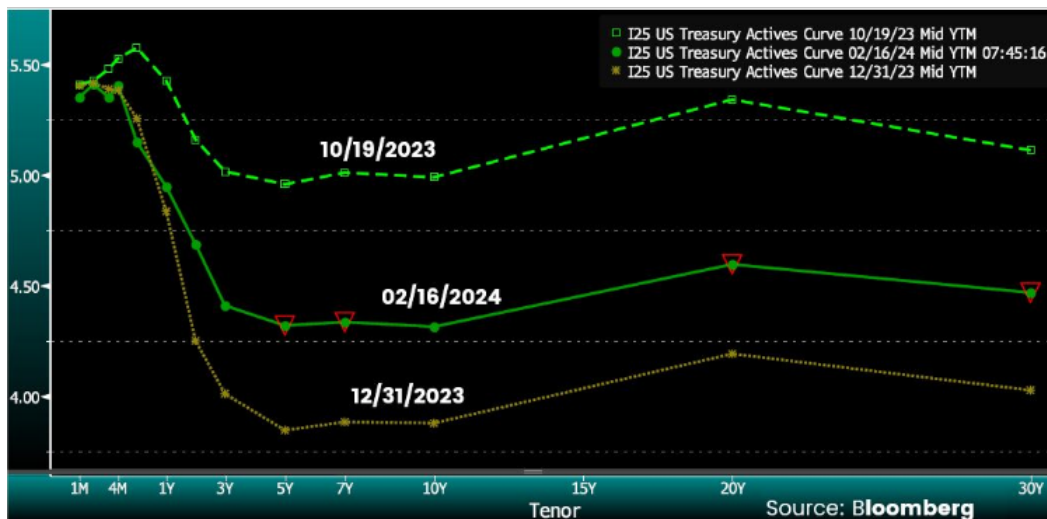
While not readily sending signals of impending doom or a grave economic downturn, we have received a few warning signs to keep us aware of the stickiness of inflation and the reminders of the mortality of the biggest contributor to our overall economy: consumer spending.

With sell-offs, comes opportunities for investing. Reach out to your CMG contact to discuss strategies. There is still time to position your portfolio for the next market cycle.

Have a great weekend!

Matthew Maggi | Senior Vice President | Commerce Bank – Capital Markets Group (CMG)

800 548-2663 [matthew.maggi@commercebank.com](mailto:matthew.maggi@commercebank.com)



### NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
02/20/24	\$4,845,000	Russell, KS GO BQ	2025 - 2044
02/22/24	\$22,355,000	Gladstone, MO COPs	2025 - 2044
02/22/24	\$7,000,000	Grandview, MO GO BQ	2025 - 2043
02/22/24	\$12,015,000	Derby, KS GO Temp Notes	2026

Economic Release	Data Period	Date	Survey	Actual	Prior
CPI MoM	Jan	02/13/2024	0.2%	0.3%	0.2% (rev down)
CPI YoY	Jan	02/13/2024	2.9%	3.1%	3.4%
MBA Mortgage Applications	Feb 9	02/14/2024	NA	-2.3%	3.7%
Empire Manufacturing	Feb	02/15/2024	-12.5	-2.4	-43.7
Retail Sales Advance MoM	Jan	02/15/2024	-0.2%	-0.8%	0.4% (rev down)
Initial Jobless Claims	Feb 10	02/15/2024	220k	212k	220k (rev up)
Industrial Production MoM	Jan	02/15/2024	0.2%	-0.1%	0.0% (rev down)
Housing Starts	Jan	02/16/2024	1,460k	1,331k	1,562k (rev up)
PPI Final Demand MoM	Jan	02/16/2024	0.1%	0.3%	-0.2% (rev down)
U. of Mich. Sentiment	Feb (P)	02/16/2024	80.0	79.6	79.0

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	8.50	8.50	7.75	3 Mo.	3.09
Discount Rate	5.50	5.50	4.75	6 Mo.	3.25
Fed Funds Rate	5.33	5.33	4.58	1-Year	2.95
Interest on Reserve Bal.	5.40	5.40	4.65	2-Year	2.75
SOFR	5.31	5.31	4.55	3-Year	2.59
11th Dist COFI (ECOFC)	3.13	3.12	2.07	5-Year	2.46
1-Yr. CMT	4.98	4.65	4.96	7-Year	2.49
Dow	38,627.99	37,361.12	33,696.85	10-Year	2.53
NASDAQ	15,775.66	14,944.35	11,855.83	30-Year	3.77
S&P 500	5,005.57	4,765.98	4,090.41		
Bond Buyer	3.54	3.31	3.65		

Treasuries & New Issue Agencies (Spread to Treasuries)					CMO Spreads to Treasuries			
	Treasuries	Bullets	NC-6 Mo.	NC-1 Year	NC- 2 Year		PAC	Vanilla
3 Mo. Bill	5.36					1-Year	N/A	+50
6 Mo. Bill	5.33					2-Year	60	75
1-Year Bill	4.97					3-Year	95	100
2-Year Note	4.66	0	81	80		5-Year	105	115
3-Year Note	4.44	3	85	82	80			
5-Year Note	4.30	5	98	94	86			
7-Year Note	4.32	21	106	98	88			
10-Year Note	4.30	31	120	111	99			
20-Year Bond	4.58							
30-Year Bond	4.45							
MBS Current Coupon Yields								
								5.78%
								5.83%
								5.28%

\*\*\*If you no longer wish to receive this weekly review, please send an email to [CapitalMarketsGroup@commercebank.com](mailto:CapitalMarketsGroup@commercebank.com)\*\*\*

The Weekly Review is a publication of the Capital Markets Group of Commerce Bank.

The opinions expressed herein reflect that of the author and are not a complete analysis of every material fact respecting any company, industry, or security. The author's opinions do not necessarily reflect that of Commerce Bank or its affiliates. Information contained herein is from sources deemed reliable but cannot be guaranteed. Prices and/or yields are subject to change and investments are subject to availability. CDs are direct financial obligations of the issuing financial institution and are not, either directly or indirectly, an obligation of Commerce Bank. The information provided is not an official trade confirmation or account statement. The Capital Markets Group (CMG) of Commerce Bank is not acting as your 'municipal advisor' within the meaning of Section 15B of the Securities Exchange Act, and does not act in a fiduciary capacity. CMG does not provide tax advice; please refer to your tax professional. Investments in securities are NOT FDIC Insured; NOT Bank-Guaranteed and May Lose Value.



commercebank.com