



Weekly Review—July 19, 2024

Well, that was unexpected. We woke up to a global IT outage this morning affecting many industries and causing delays in production and travel. Over the world, people who have stacks of paper organized in a particular way in their workspaces are either smiling or clinching their TPS report from the early 2000s in triumph as they continued with their jobs with ease as the rest of the world who rely so heavily upon technology to be productive looked at screens of blue and strange lettering telling them their computers were unavailable. Also unexpected is the markets' reaction to such a shock. So far, a tepid response, not unlike my children's this morning when I attempted to explain the significance of such an event.

In investing and balance sheet management, we do not like unexpected events; however, we attempt to plan for them. I have worked with simulation models for over 17 years, and when shocks occur in the world, there is usually some kind of market response. Thus far, not much of one yet – perhaps the shock of this event is still trickling through the time zones who are still waking up? Or it will remain localized with the responsible party's stock? Either way, an indifferent, "meh" response would be quite alright with me. Though, Monday may prove to be a reckoning. I hope the weekend allows for calmer responses as this appears to be caused by an update issue instead of a cyberattack.

This week's economic releases continue the tale of slow but steady performance. Housing market indicators were positive for the most part, exceeding expectations. While jobless claims were higher, they were not deemed an excessive level. The Leading Index was less negative. Judging by the surveys of economists for next week's data, we should see more of the same. The first release of 2nd quarter GDP is expected to come in just under 2% with personal consumption expected to rise from the first quarter. Core PCE is expected to be slightly lower. These positive results would continue the battle between markets and the FOMC regarding when interest rates should move downward – particularly along the short end of the yield curve. While relatively strong economic production supports the FOMC's patient strategy, further reduction in inflation gauges aligns with the market's desire for a quicker response.

Stay tuned, and if you are unable to be as productive as you wanted today, maybe go to that old thing called a bookshelf and pick a good book to read this weekend. Come back refreshed and ready to logon again.

Have a nice weekend!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
07/22/2024	5,815,000	FORT DODGE, IA - GO (TAXABLE)	2027-2043

Economic Release	Data Period	Date	Survey	Actual	Prior
Empire Manufacturing	Jul	07/15/2024	-7.6	-6.6	-6.0
Retail Sales Advance MoM	Jun	07/16/2024	-0.3%	0.0%	0.3% (rev up)
Import Price Index MoM	Jun	07/16/2024	-0.2%	0.0%	-0.2% (rev up)
MBA Mortgage Applications	Jul 12	07/17/2024	NA	3.9%	-0.2%
Housing Starts	Jun	07/17/2024	1.8%	3.0%	-4.6% (rev up)
Building Permits	Jun	07/17/2024	1,400k	1,446k	1,399k (rev up)
Industrial Production MoM	Jun	07/17/2024	0.3%	0.6%	0.9%
Initial Jobless Claims	Jul 13	07/18/2024	229k	243k	223k (rev up)
Continuing Claims	Jul 6	07/18/2024	1,856k	1,867k	1,847k (rev down)
Leading Index	Jun	07/18/2024	-0.3%	-0.2%	-0.4% (rev up)

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	8.50	8.50	8.25	3 Mo.	3.14
Discount Rate	5.50	5.50	5.25	6 Mo.	3.09
Fed Funds Rate	5.33	5.33	5.08	1-Year	2.92
Interest on Reserve Bal.	5.40	5.40	5.15	2-Year	2.90
SOFR	5.34	5.33	5.06	3-Year	2.85
11th Dist COFI (ECOFC)	3.23	3.20	2.73	5-Year	2.82
1-Yr. CMT	4.87	5.09	5.32	7-Year	2.85
Dow	40,287.43	38,834.86	35,061.21	10-Year	2.88
NASDAQ	17,726.94	17,862.23	14,358.02	30-Year	3.87
S&P 500	5,550.50	5,487.03	4,565.72		
Bond Buyer	3.92	3.94	3.57		

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	5.28					1-Year	N/A	+50
6 Mo. Bill	5.19					2-Year	60	70
1-Year Bill	4.87					3-Year	80	105
2-Year Note	4.50	4	72	43		5-Year	105	120
3-Year Note	4.27	5	102	76	26			
5-Year Note	4.15	3	130	104	60			
7-Year Note	4.17	22	138	118	78			
10-Year Note	4.23	31	139	125	88			
20-Year Bond	4.55							
30-Year Bond	4.44							

MBS Current Coupon Yields	
GNMA 30 Yr.	5.39%
FNMA 30 Yr.	5.46%
FNMA 15 Yr.	4.87%

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