



Weekly Review—March 1, 2024

I love a good story, particularly a mystery or even better, a conspiracy theory! How excited I get when I start a new documentary that promises to solve some decades-old cold case or explain with “new evidence” why a great conspiracy is finally proven. Well, I think you know how these turn out...After hours of my life given to these programs, in the end, we usually find out, we still do not know what happened, or what caused the tragedy, or more importantly, who is responsible. What a waste of time, right? Not necessarily. A lot of the time these documentaries are meant to merely entertain us. Yes, I may be disappointed at the end – mostly at myself for falling for the formula once again – but was I not entertained!?!

A story came out this week regarding a formula change, a weighting change for CPI’s rent portion (*US Labor Department Confuses Analysts with Email on CPI Factor – Bloomberg*). This was explained as the likely reason why the January CPI came in hotter than expected, setting off some of the market volatility we saw in February. We also receive almost daily stories on what each FOMC member thinks the Fed should do regarding upcoming rate decisions that seem to change too often to clearing interpret.

If we really analyze the news we read, most of it is opinionated – not just factual. This is because we like to be entertained more than really know what happened, or what caused the events to occur. Even this author must opine and attempt to interpret what the future holds because that is a key part of risk management and investing: planning for directional changes of markets and interest rates. Sometimes, I even lean more on entertaining rather than providing an answer – because most of the time, most of us do not have the answer, we can only give an educated guess.

Current Fed Funds futures markets predict around 4 cuts to the overnight Fed Funds rate by next January. The first fluctuates daily between June and July. Most FOMC members have said they still have a job to do on inflation but will act if the data requires it. The next FOMC meeting will be in a few weeks. We will see how this plays out. Even if we must settle for just being entertained along the way.

Have a great weekend!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
03/04/24 – 03/08/24		No Local Issues this week	

Economic Release	Data Period	Date	Survey	Actual	Prior
New Home Sales	Jan	02/26/2024	684k	661k	651k (rev down)
Durable Goods Orders	Jan (P)	02/27/2024	-5.0%	-6.1%	-0.3% (rev down)
MBA Mortgage Applications	Feb 23	02/28/2024	NA	-5.6%	-10.6%
GDP Annualized QoQ	4Q (S)	02/28/2024	3.3%	3.2%	3.3%
Personal Income	Jan	02/29/2024	0.4%	1.0%	0.3%
Personal Spending	Jan	02/29/2024	0.2%	0.2%	0.7%
PCE Core Deflator YoY	Jan	02/29/2024	2.8%	2.8%	2.6%
Initial Jobless Claims	Feb 24	02/29/2024	210k	215k	202k (rev up)
MNI Chicago PMI	Feb	02/29/2024	48.0	44.0	46.0
U. of Mich. Sentiment	Feb (F)	03/01/2024	79.6	76.9	79.6

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	8.50	8.50	7.75	3 Mo.	3.13
Discount Rate	5.50	5.50	4.75	6 Mo.	3.29
Fed Funds Rate	5.33	5.33	4.57	1-Year	2.99
Interest on Reserve Bal.	5.40	5.40	4.65	2-Year	2.75
SOFR	5.32	5.31	4.55	3-Year	2.59
11th Dist COFI (ECOFC)	3.15	3.13	2.27	5-Year	2.46
1-Yr. CMT	4.94	4.76	5.02	7-Year	2.49
Dow	39,087.38	38,519.84	32,661.84	10-Year	2.53
NASDAQ	16,274.94	15,361.64	11,379.48	30-Year	3.77
S&P 500	5,137.08	4,906.19	3,951.39		
Bond Buyer	3.54	3.43	3.75		

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	5.37					1-Year	N/A	+50
6 Mo. Bill	5.30					2-Year	60	70
1-Year Bill	4.95					3-Year	90	95
2-Year Note	4.58	1	82	80		5-Year	105	118
3-Year Note	4.38	2	85	81	80			
5-Year Note	4.22	3	99	94	86			
7-Year Note	4.25	18	106	99	88			
10-Year Note	4.23	27	120	112	100			
20-Year Bond	4.50							
30-Year Bond	4.38							

MBS Current Coupon Yields	
GNMA 30 Yr.	5.62%
FNMA 30 Yr.	5.67%
FNMA 15 Yr.	5.12%

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