



The Fed & Monetary Policy...

As part of the Fed’s semiannual economic update on Capitol Hill, Fed Chairman Powell told Congress this week that the Fed remains “*focused on their dual mandate of promoting maximum employment and stable prices and that price stability is the responsibility of the Federal Reserve. Without it (price stability), the economy does not work for anyone. In particular, without price stability, we will not achieve a sustained period of strong labor market conditions that benefit all.*” As such, policy makers remain “*committed to getting inflation under control and that while a strong majority of the committee feels that we’re getting close, there’s a little further to go with rate hikes.*” In the Q&A portion of his update, Powell stated that “*it will be appropriate to raise rates again this year, and perhaps twice,*” if the economy performs as expected, even as rates approach restrictive territory. Based on this week’s Fed messaging, policy markets will likely resume their tightening ways.

Investor perspective...

With Fed officials last week keeping benchmark rates steady after 10 consecutive increases, investors have bought into the idea that the Fed simply wanted to evaluate how the economy is responding to higher borrowing costs as well as recent banking stress before continuing their battle against inflation via additional rate hikes. Based on current fed fund trading, there is a 71% probability that the Fed will increase rates 25bps at next month’s policy meeting. If they don’t hike in July, the probability increases to near 100% by November – meaning another rate hike is expected...it’s just a matter of when.

Looking forward...

Although revised 1st quarter economic growth data (gross domestic product - GDP) is scheduled to be released on Thursday & is always fun to look at, next week’s market focus will shift back to inflation as the personal consumption expenditure a.k.a. PCE – the Fed’s preferred inflation metric – is scheduled to be released on Friday. April’s PCE core year-over-year increase came in at 4.7% – more than double as compared to the Fed’s 2% target. The street expects May’s number to be unchanged from April. We’ll see...

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
06/26/2023	\$5,990,000.00	SUMNER CNTY USD #360 KS 2023	2024-2048
06/27/2023	\$4,145,000.00	NEWTON KS 2023A	2024-2043
06/28/2023	\$1,720,000.00	GODDARD KS 2023A	2025-2044
06/28/2023	\$3,815,000.00	GODDARD KS TEMP NOTES TXBL 2023	2024

54.1 Economic Release	Data Period	Date	Survey	Actual	Prior
Housing Starts	May	06/20/2023	1400k	1631k	1340k (rev down)
Building Permits	May	06/20/2023	1425k	1491k	1417k (rev up)
MBA Mortgage Applications	Jun 16	06/21/2023	NA	0.5%	7.2%
Initial Jobless Claims	Jun 17	06/22/2023	259k	264k	264k (rev up)
Continuing Claims	Jun 10	06/22/2023	1785k	1759k	1772k (rev down)
Existing Home Sales	May	06/22/2023	4.25m	4.3m	4.29m (rev up)
Leading Index	May	06/22/2023	-0.8%	-0.7%	-0.6%
S&P Global US Manufacturing PMI	Jun	06/23/2023	48.5	1775k	1755k (rev down)
S&P Global US Services PMI	Jun	06/23/2023	54.0	54.1	54.9
S&P Global US Composite PMI	Jun	06/23/2023	53.5	53.0	54.3

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	8.25	8.25	4.75	3 Mo.	2.68
Discount Rate	5.25	5.25	1.75	6 Mo.	2.78
Fed Funds Rate	5.07	5.08	1.58	1-Year	3.06
Interest on Reserve Bal.	5.15	5.15	1.65	2-Year	2.95
SOFR	5.05	5.05	1.45	3-Year	2.83
11th Dist COFI (ECOFC)	2.57	2.51	0.38	5-Year	2.70
1-Yr. CMT	5.25	4.75	2.79	7-Year	2.65
Dow	33,727.43	33,055.51	30,677.36	10-Year	2.71
NASDAQ	13,492.52	12,560.25	11,232.19	30-Year	3.85
S&P 500	4,348.33	4,145.58	3,795.73		
Bond Buyer	3.65	3.59	3.54		

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	+55
6 Mo. Bill	5.40					2-Year	60	75
1-Year Bill	5.24					3-Year	80	105
2-Year Note	4.76	5	81	80		5-Year	100	140
3-Year Note	4.34	6	84	81	80			
5-Year Note	4.00	6	98	94	86			
7-Year Note	3.87	30	105	98	89			
10-Year Note	3.74	50	120	111	99			
20-Year Bond	4.01							
30-Year Bond	3.82							
MBS Current Coupon Yields								
						GNMA 30 Yr.		5.24%
						FNMA 30 Yr.		5.47%
						FNMA 15 Yr.		5.04%

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