

VIEW FROM THE TRADING DESK

A monthly look at the Bond Market from a community banking perspective

3/2/2022 14:43

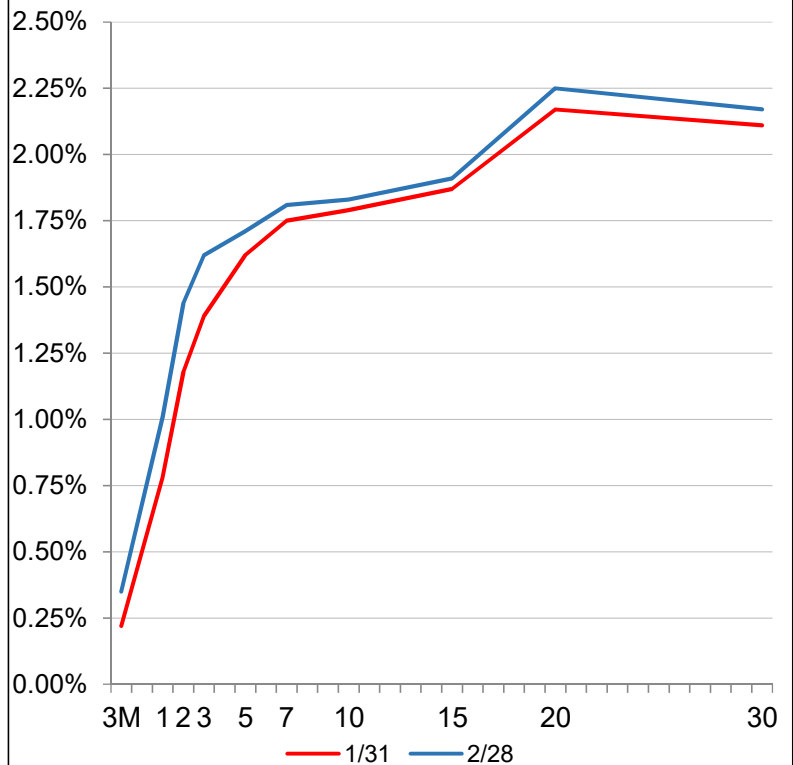
FEBRUARY RECAP

The market is still pricing in around 6 quarter-point rate hikes by year-end. We interpret this two ways - the markets believe that the Russia/Ukraine situation isn't going to impact long-term economic expectations and the Fed will pursue inflation control via monetary tightening even if it is into a slowing or potentially contracting economic cycle. The Fed's mandate is still to keep inflation under control and a pause in policy or even a dovish pivot would likely be a catalyst for further volatility.

Benchmark Treasury Yields:

	1/31/2022	2/28/2022	% Change
3M	0.22	0.35	+0.13
1Yr	0.78	1.01	+0.23
2Yr	1.18	1.44	+0.26
3Yr	1.39	1.62	+0.23
5Yr	1.62	1.71	+0.09
7Yr	1.75	1.81	+0.06
10Yr	1.79	1.83	+0.04
30Yr	2.11	2.17	+0.06

TREASURY YIELD CURVE COMPARISON



OUR TAKE

The volatile swings in the Treasury market have widened Bid-Ask spreads to levels last seen in March of 2020, which has brought the new issue of Callable Agencies to a screeching halt. We have also seen new municipal issues being postponed due to the Ukraine-Russia conflict and subsequent market volatility. As fear and uncertainty creep into the markets, Bullet CD's have reemerged with new issues spreading well over Treasuries, potentially ending the long period of negative spreads we have seen in DTC CDs. Talk to your Investment Representative about New Issue CD options for your portfolio.

CD Offerings

Structure	Issuer	Coupon	Maturity	Call	Price	YTC/YTM	Spread	Settle
2 YR NC DTC CD	BEAL BANK USA	1.55% Semi-Annual	3/6/2024	1.55%	100	1.55%	+6	3/9/2022
3 YR NC DTC CD	AMERICAN EXP NATL BK	1.80% Semi-Annual	3/10/2025	1.80%	100	1.80%	+13	3/9/2022
5 YR NC DTC CD	MEDALLION BANK	2.00% Monthly	3/9/2027	2.00%	100	2.00%	+26	3/9/2022

For Investment Services contact a Bankers' Bank Investment Officer at 800-955-4468.

Information contained herein is deemed reliable but not guaranteed.