

Deposit Funding Compass

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Week of September 21, 2023

CD Funding Opportunities for this Week

BULLET	
Term	Rate
\$1MM - \$25MM	
3mo	5.64% All-in
6mo	5.65%
12mo	5.65%

\$1MM - \$10MM	
Term	Rate
18mo	5.54%
24mo	5.49%
30mo	5.34%
36mo	5.19%
42mo	5.14%
48mo	5.04%
60mo	4.84%
72mo	4.79%
84mo	4.74%
120mo	4.69%

CALLABLE	
Term	Rate
\$1MM - \$10MM	
12m/3mo	5.70%
18m/3mo	5.69%
2yr/6mo	5.74%
3yr/6mo	5.74%
4yr/6mo	5.74%
5yr/6mo	5.74%
5yr/2.5yr	5.59%
6yr/1yr	5.69%
7yr/1yr	5.69%
7yr/3yr	5.54%
10yr/1yr	5.69%
10yr/3yr	5.54%

*Levels are indicative of an 9/29 - 10/06 settlement date. (Flexible on settlement date).

**Specific pricing on larger dollar amounts (up to \$300MM per term), and/or any bullet or callable structures not shown, is available by inquiring with the CD desk.

***For specific pricing on shorter or longer callable lockout periods please inquire with the desk.

Our Thoughts (What We're Seeing)

Applications for US unemployment benefits fell to the lowest level since January last week, indicating a healthy labor market that continues to support the economy. Bond traders are bracing for Treasury yields to keep pushing higher after the FOMC signaled it's likely to hold interest rates at elevated levels well into next year. Two-year rates rose above 5.19% this morning to a fresh 17-year high, while 30-year yields climbed to 4.48%, a level last seen in 2011.

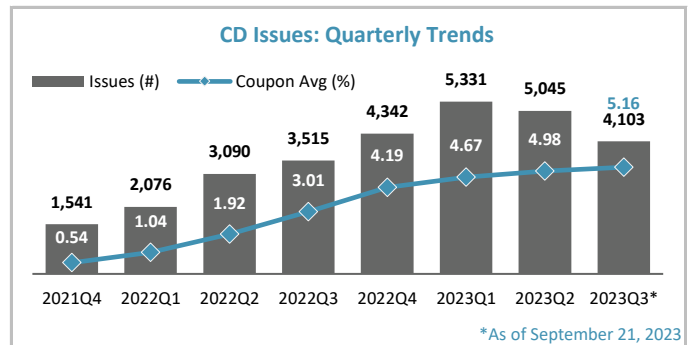
CD issuance has been typical for what we have observed the last 2-3wks of any quarter end this year but competing rates from both treasuries and other fixed-income products have detracted from liquidity a bit. We will see CD coupons move higher for the remainder of the week as issuance participants will want to maintain rate levels that are attractive enough to preserve buyer's attentions. Lower range rates are getting overlooked. Come Monday, we expect to see weekly program issuers raise their coupon levels 10-20 BPS from where they are today which will set the market up to be in a new, considerably higher range. We would advise to get ahead of this if funding is a priority for Q3 end (or early Q4).

We have been discussing 2 & 3yr callable funding strategies with several bank clients this week, the concept/strategy is beneficial for banks taking the opinion that rates should begin to normalize towards the end of '24'. The market has seen a litany of institutions that are heavily issuing 3, 6, 9, & 12mo month bullet (non-callable) CDs on a continuing or rolling basis, this provides an alternative. The value proposition is extending duration and imbedding a call option at roughly the same cost. This gives the bank monthly optionality to call the CD and return the deposit prior to maturity + there is little to no premium vs. where shorter maturities are pricing given the shape of the yield curve. Please see today's funding opportunities where a settlement for Quarter end is still possible.

CD Issue Highlights This Past Week (September 13 - September 21)

ISSUES	CALLABLE	COUPON RATE				FREQUENCY			
		Number	Percent	Average	Median	High	Low	Monthly	Quarterly
476	6%	5.30	5.40	6.00	4.25	31%	1%	13%	55%

Term	Issues (#)	Average	High	Low
1 Month	26	5.34	5.60	5.10
2 Month	19	5.35	5.45	5.20
3 Month	72	5.37	5.50	4.95
6 Month	56	5.42	5.50	5.00
9 Month	30	5.41	5.50	4.95
12 Month	66	5.42	5.75	4.95
18 Month	22	5.38	5.50	5.20
24 Month	41	5.31	5.55	5.15
36 Month	25	5.10	5.55	4.90
48 Month	16	4.94	5.55	4.70
60 Month	25	4.95	5.55	4.50



Average Deposits Growth Rate (YTD) (%)

