



## US Industrial Output Growth Hits a 6-month High

August 17, 2023

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### MARKET MOVING HEADLINES

- Industrial output in the US rose 1% in July 2023, the most in six months.
- Retail sales in the US were up 0.7% month-over-month in July 2023, beating a 0.4% forecasted increase.
- US homebuilder sentiment unexpectedly falls.
- EU natural gas futures surge by 15%.
- Canadian inflation rate increases more than expected.
- Current zinc prices fell to a 2.5 month low.
- US housing starts increased more than expected.
- Gold retreats from a 5-month low.
- US 10-year Treasury yield approached a 15-year high.
- US mortgage applications fall for a 4<sup>th</sup> week in a row.

## INTEREST RATES

### Interest Rates

#### US TREASURY MARKET

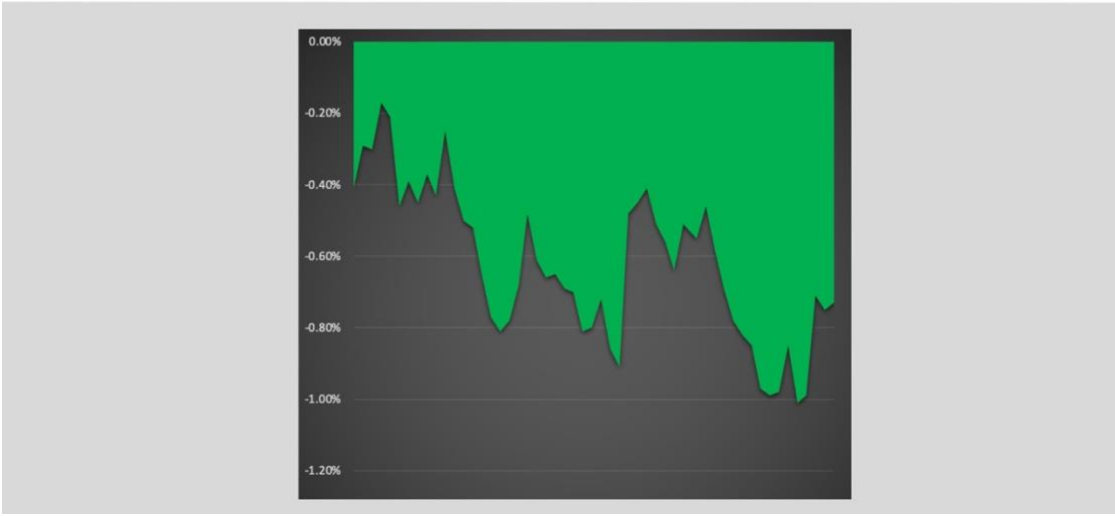
MATURITY	YIELD	7-DAY CHANGE
3M	5.45%	0.00%
2Y	4.95%	3.99%
5Y	4.37%	6.33%
10Y	4.22%	5.24%
30Y	4.33%	3.59%

### Interest Rates

#### 2Y - 10Y SPREAD

DATE	SPREAD
6/29/23	-0.99%
7/6/23	-0.98%
7/13/23	-0.85%
7/20/23	-1.01%
7/27/23	-0.99%
8/3/23	-0.71%
8/10/23	-0.75%
8/17/23	-0.73%

## 2Y-10Y SPREAD - PAST 12 MONTHS



## CURRENCIES

### Currencies

CURRENCY PAIR	PRICE	7-DAY CHANGE
EUR/USD	1.089	-0.82%
USD/JPY	145.830	1.61%
GBP/USD	1.274	0.00%
AUD/USD	0.643	-1.68%
USD/CAD	1.353	0.82%
USD/CNY	7.335	1.48%
USD/CHF	0.879	0.34%
USD/HKD	7.831	0.13%
USD/MXN	17.072	-0.01%
USD/KRW	1340.520	1.91%

## COMMODITIES



### Commodities

COMMODITY	PRICE	7-DAY CHANGE
Brent Crude Oil	84.799	-2.73%
WTI Crude Oil	80.702	-4.12%
Natural Gas	2.586	-12.43%
Gold	1900.540	-1.05%
Silver	22.517	-1.07%
Copper	3.649	-3.80%
Steel	3701.000	2.10%
Coffee	150.100	-7.00%
Sugar	24.230	2.76%
Cocoa	3370.000	1.78%
Cotton	85.270	-1.06%

## CONCEPT OF THE WEEK: HEDGING LOAN COMMITMENTS

Hedging loan commitments provide several benefits to financial institutions. These benefits help manage and mitigate risks associated with changes in interest rates and other market variables. A few of the key benefits from hedging loan commitments include:

- Risk Mitigation
- Predictable Cash Flows
- Stable Margins
- Enhanced Borrower Relations
- Regulatory Compliance
- Strategic Flexibility
- Improved Risk Management
- Competitive Advantage
- Reduced Volatility
- Enhanced Capital Allocation

It's important to note that while there are many benefits to hedging loan commitments, there are also potential costs and risks. These can include transaction costs and imperfect hedges. However, a well

thought out and designed loan commitment will have benefits that outweigh the transaction costs and minimize the risk of imperfect hedges.

## **QUOTE OF THE WEEK**

“By failing to prepare, you are preparing to fail.” – Benjamin Franklin

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