

LABOR DAY FACTS

This Day in History: Today is National Beach Day. On August 30, 1979, a comet hitting the sun was recorded for the first time. The energy released was equal to one million hydrogen bonds. In 1967, Thurgood Marshall was confirmed as the first African American U.S. Supreme Court Justice.

Market Update: Swap rate volatility returned with most of the increase in rates occurring in one day, only to give some of the increase back Friday. Swap rates ended the week higher with the 2s/10s slope increasing to 102bps.

Term	Swap Rates				Change		
	8/27/2021	8/20/2021	7/27/2021	8/4/2020	WoW	MoM	Since 8/4/2020
2y	0.31	0.32	0.28	0.18	-0.01	0.03	0.12
3y	0.55	0.55	0.47	0.18	0.00	0.07	0.36
5y	0.89	0.86	0.79	0.24	0.02	0.10	0.65
7y	1.12	1.07	1.02	0.35	0.05	0.10	0.76
10y	1.33	1.27	1.25	0.51	0.06	0.08	0.82
20y	1.62	1.55	1.57	0.73	0.06	0.05	0.89
2s/10s slope	1.02	0.95	0.97	0.32	0.07	0.05	0.70

Buying long-term fixed rate munis and simultaneously swapping those bonds to floating continues to be the most popular transaction with out clients. Current floating yields varied widely, ranging from just below 1% to above 2%, depending on the underlying fixed coupon of the bond hedged.

Most of us will have a day off next Monday as we celebrate Labor Day. We think it is kind of interesting that many workers have a day off to celebrate America's workers. A few facts and some trivia about the holiday that you may not know:

- The holiday grew out of the late 19th Century organized labor movement as a "workingmen's holiday."
- Labor unions organized a parade in New York City on September 5, 1882, to celebrate union membership and union members. The approximately 10,000 participants forfeited a day's pay to participate; reportedly, a large amount of beer was involved in the parade.
- The initial parade was viewed as a strike to oppose working conditions. At that time, the typical American worked 12 hours a day, 7 days a week.
- Two men—Matthew Maguire and Peter McGuire—were members of different labor unions and have been given credit for first proposing the holiday.

- Oregon was the first state to recognize a state holiday (1887) and many other states quickly followed their lead.
- Senator James Henderson Kyle of South Dakota introduced legislation in 1894 to make the first Monday of September a federal holiday recognized as Labor Day. President Grover Cleveland signed the legislation that same year.
- Canada also celebrates Labour Day on the first Monday of September.
- The Fair Labor Standards Act, which established a standard workday of 8 hours, a minimum wage, child labor laws, and rules for overtime pay, was not enacted until 1938.
- You can wear white after Labor Day. According to Emilypost.com, wearing white represented you were on vacation at your summer cottage, but these fashion rules are no longer observed.
- The first Waffle House opened on Labor Day in 1955.
- Labor Day represents the unofficial end of summer and hot dog season.
- The largest union today is the National Education Association.

Stay safe, have a great week and enjoy Labor Day!

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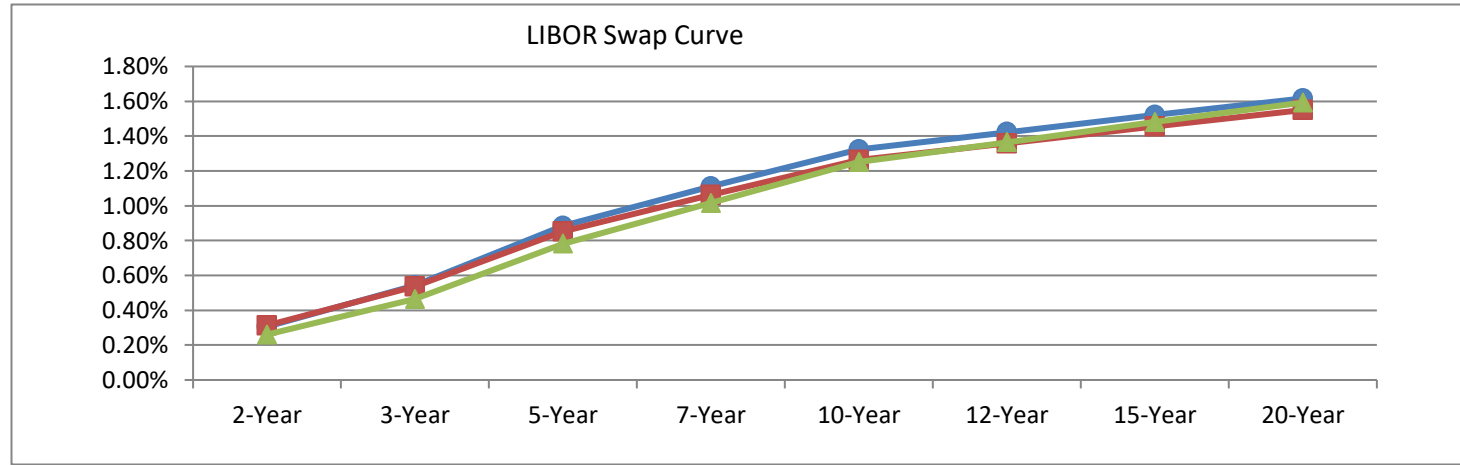
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Interest Rate Swap Curves

LIBOR Swap Curve			
	Current	Last Week	Last Month
2-Year	0.307%	0.313%	0.261%
3-Year	0.544%	0.537%	0.464%
5-Year	0.883%	0.853%	0.783%
7-Year	1.110%	1.061%	1.017%
10-Year	1.323%	1.262%	1.251%
12-Year	1.422%	1.357%	1.365%
15-Year	1.522%	1.456%	1.481%
20-Year	1.616%	1.550%	1.593%

*Bloomberg mid-market quotations



Money Market Rates		3M LIBOR Forward Rates	
1M LIBOR	0.08600%	Sep-21	0.12250%
3M LIBOR	0.11988%	Dec-21	0.18000%
6M LIBOR	0.15475%	Mar-22	0.14500%
12M LIBOR	0.23513%	Jun-22	0.18500%
Prime	3.25000%	Sep-22	0.28000%
FFTR	0.2500%		
Eff FF	0.0800%		
SOFR	0.0500%		

Spot Start Loan Hedging

Rate Term (Years)	Floating Rate	Amortization Term (Years)							
		3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	25-Year	Bullet
2-Year	LIBOR + 2.00%	2.35%	2.38%	2.38%	2.39%	2.39%	2.39%	2.39%	2.40%
3-Year	LIBOR + 2.00%	2.42%	2.52%	2.55%	2.56%	2.57%	2.58%	2.58%	2.59%
4-Year	LIBOR + 2.00%		2.62%	2.67%	2.71%	2.73%	2.74%	2.74%	2.76%
5-Year	LIBOR + 2.00%		2.65%	2.76%	2.82%	2.85%	2.87%	2.87%	2.89%
6-Year	LIBOR + 2.00%			2.81%	2.90%	2.95%	2.97%	2.99%	3.01%
7-Year	LIBOR + 2.00%			2.83%	2.97%	3.03%	3.06%	3.07%	3.09%
8-Year	LIBOR + 2.00%				3.01%	3.10%	3.12%	3.14%	3.17%
9-Year	LIBOR + 2.00%				3.04%	3.14%	3.18%	3.20%	3.24%
10-Year	LIBOR + 2.00%				3.04%	3.18%	3.22%	3.25%	3.27%
12-Year	LIBOR + 2.00%	Customer Pays Fixed, Monthly, Act/360				3.23%	3.30%	3.30%	3.40%
15-Year	LIBOR + 2.00%	Customer Receives 1-Month LIBOR + 2.00%				3.26%	3.35%	3.41%	3.49%

Forward Starting Swap Quotes

Rate Term (Years)	Floating Rate	20-Year Amortization		
		3-Month	6-Month	12-Month
2-Year	LIBOR + 2.00%	2.47%	2.55%	2.77%
3-Year	LIBOR + 2.00%	2.65%	2.73%	2.92%
4-Year	LIBOR + 2.00%	2.81%	2.88%	3.04%
5-Year	LIBOR + 2.00%	2.93%	3.00%	3.15%
6-Year	LIBOR + 2.00%	3.03%	3.09%	3.22%
7-Year	LIBOR + 2.00%	3.11%	3.17%	3.29%
8-Year	LIBOR + 2.00%	3.17%	3.22%	3.33%
9-Year	LIBOR + 2.00%	3.22%	3.27%	3.37%
10-Year	LIBOR + 2.00%	3.27%	3.31%	3.41%
12-Year	LIBOR + 2.00%	3.34%	3.38%	3.46%
15-Year	LIBOR + 2.00%	3.38%	3.42%	3.49%

Profitability Analysis

Rate Term (Years)	Profit Per Basis Point of Mark-up, Per \$1,000,000 of Notional							
	3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	25-Year	Bullet
2-Year	\$141	\$167	\$178	\$186	\$193	\$196	\$198	\$203
3-Year	\$160	\$221	\$247	\$266	\$282	\$289	\$293	\$304
4-Year		\$253	\$301	\$336	\$363	\$376	\$384	\$403
5-Year		\$265	\$339	\$395	\$438	\$459	\$471	\$502
6-Year			\$363	\$444	\$506	\$537	\$555	\$599
7-Year			\$372	\$483	\$568	\$610	\$634	\$695
8-Year				\$511	\$623	\$678	\$710	\$790
9-Year				\$527	\$670	\$740	\$781	\$883
10-Year				\$533	\$710	\$797	\$848	\$974
12-Year	Fee Income Generation Only Possible With				\$769	\$896	\$969	\$1,153
15-Year	Back-to-Back Swaps and SMART Loan Products				\$803	\$1,003	\$1,120	\$1,410

Macro-Hedging

Protection Against Rising Rates						
3mL Pay Fixed Swap		Pay Fix, quarterly, act/360 both sides	3-Month LIBOR Caps - Premium in Basis Points			
Rate Term	Rate		Strike	2-Year	3-Year	4-Year
2-Year	0.44%	0.30%	0.57%	1.39%	2.62%	3.93%
3-Year	0.68%	0.50%	0.46%	1.13%	2.20%	3.36%
4-Year	0.86%	0.75%	0.39%	0.90%	1.80%	2.79%
5-Year	1.01%					

Protection Against Falling Rates						
Prime Rcv Fixed Swap		Receive fixed, monthly, act/365 both sides	3-Month LIBOR Floors - Premium in Basis Points			
Rate Term	Rate		Strike	2-Year	3-Year	4-Year
2-Year	3.28%	0.25%	0.50%	0.70%	0.83%	0.97%
3-Year	3.45%	0.15%	0.41%	0.59%	0.70%	0.83%
4-Year	3.61%	0.10%	0.39%	0.56%	0.66%	0.78%
5-Year	3.75%					

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Spot Start Loan Hedging

Rate Term (Years)	Floating Rate	Amortization Term (Years)							
		3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	25-Year	Bullet
2-Year	Prime	3.47%	3.49%	3.49%	3.50%	3.50%	3.50%	3.50%	3.51%
3-Year	Prime	3.53%	3.63%	3.65%	3.66%	3.67%	3.67%	3.67%	3.68%
4-Year	Prime		3.71%	3.76%	3.80%	3.82%	3.83%	3.83%	3.84%
5-Year	Prime		3.75%	3.85%	3.91%	3.94%	3.95%	3.96%	3.98%
6-Year	Prime			3.91%	3.99%	4.04%	4.06%	4.07%	4.09%
7-Year	Prime			3.92%	4.05%	4.12%	4.14%	4.15%	4.17%
8-Year	Prime				4.09%	4.18%	4.20%	4.21%	4.24%
9-Year	Prime				4.12%	4.21%	4.25%	4.27%	4.31%
10-Year	Prime				4.13%	4.25%	4.30%	4.32%	4.33%
12-Year	Prime					4.30%	4.36%	4.37%	4.45%
15-Year	Prime						4.33%	4.42%	4.54%

Customer Pays Fixed, Monthly, Act/360
Customer Receives Prime

Forward Starting Swap Quotes

Rate Term (Years)	Floating Rate	20-Year Amortization		
		3-Month	6-Month	12-Month
2-Year	Prime	3.57%	3.65%	3.84%
3-Year	Prime	3.74%	3.82%	3.99%
4-Year	Prime	3.89%	3.96%	4.11%
5-Year	Prime	4.02%	4.08%	4.22%
6-Year	Prime	4.12%	4.17%	4.29%
7-Year	Prime	4.19%	4.24%	4.35%
8-Year	Prime	4.25%	4.29%	4.39%
9-Year	Prime	4.29%	4.34%	4.43%
10-Year	Prime	4.34%	4.38%	4.47%
12-Year	Prime	4.40%	4.43%	4.51%
15-Year	Prime	4.45%	4.48%	4.55%

Profitability Analysis

Rate Term (Years)	Profit Per Basis Point of Mark-up, Per \$1,000,000 of Notional							
	3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	25-Year	Bullet
2-Year	\$141	\$167	\$179	\$187	\$194	\$197	\$199	\$203
3-Year	\$160	\$222	\$248	\$268	\$283	\$290	\$295	\$304
4-Year		\$255	\$303	\$339	\$366	\$379	\$387	\$403
5-Year		\$267	\$343	\$399	\$442	\$463	\$475	\$502
6-Year			\$367	\$449	\$512	\$542	\$560	\$599
7-Year			\$376	\$489	\$575	\$617	\$641	\$695
8-Year				\$518	\$632	\$687	\$719	\$790
9-Year				\$535	\$681	\$752	\$792	\$883
10-Year				\$541	\$723	\$811	\$861	\$974
12-Year					\$784	\$913	\$987	\$1,153
15-Year						\$820	\$1,027	\$1,145

Fee Income Generation Only Possible With Back-to-Back Swaps and SMART Loan Products

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