

***ICCCFO Fall  
Conference  
Alton, Illinois***

**Bond  
Market  
Update**

2101 Eastland Drive, Suite B  
Bloomington, IL 61704

**Kevin Heid**  
*Managing Director*

Phone: (309) 661-0004  
Email: [heidk@stifel.com](mailto:heidk@stifel.com)

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## It's A New World

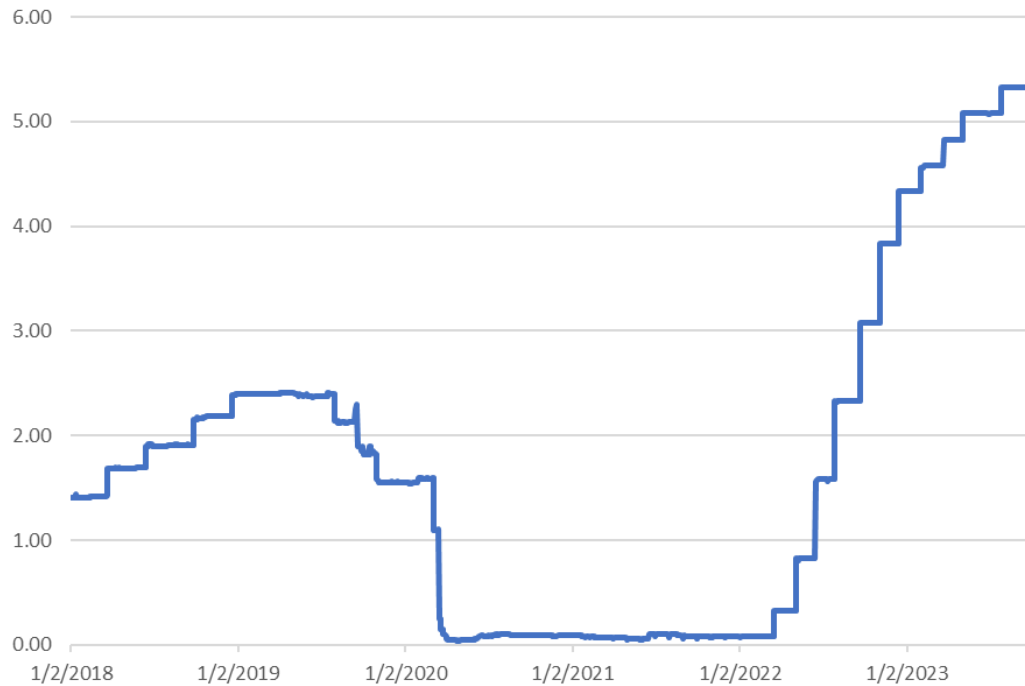
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- Bond Market Update
- State Law Changes

## It's A New World

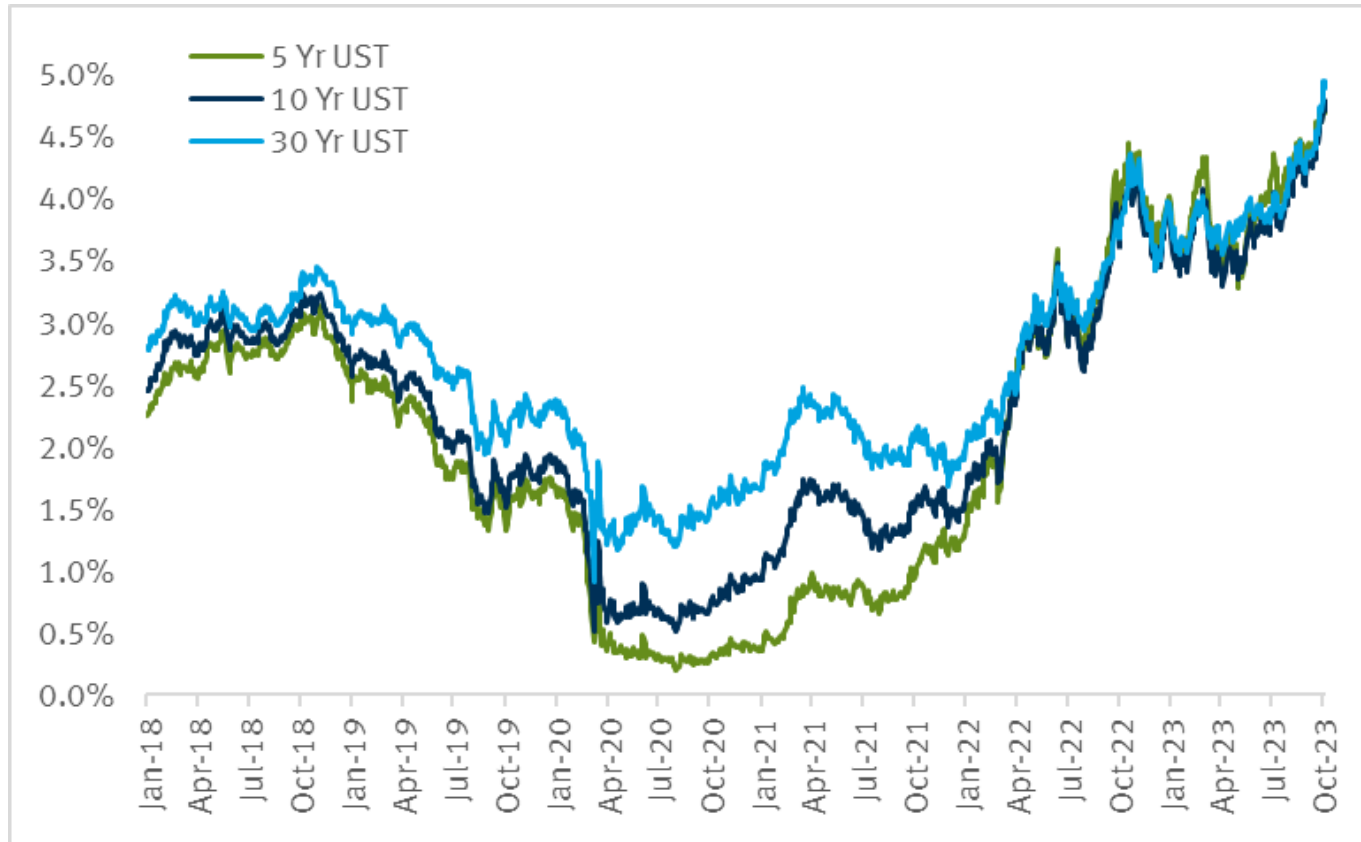
- ❑ Fed has raised its benchmark interest rate to 5.25% since the tightening began in May 2022

Fed Funds Rate Since January 2018

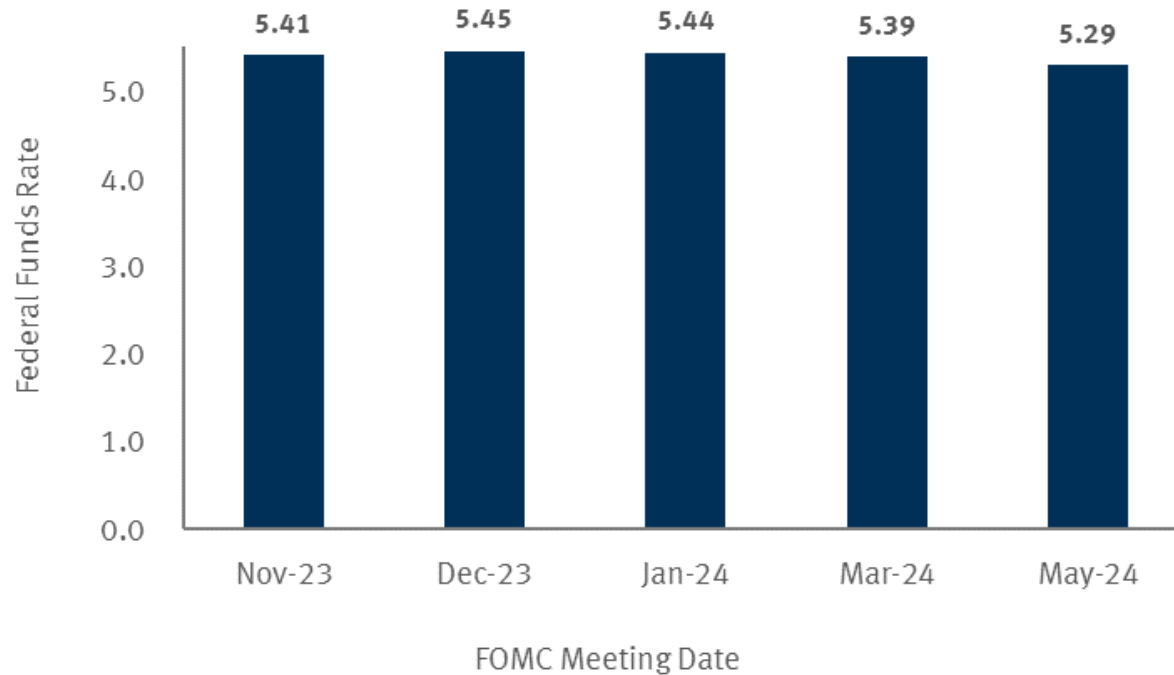


## It's A New World

- Treasury rates have soared in response to Fed tightening.



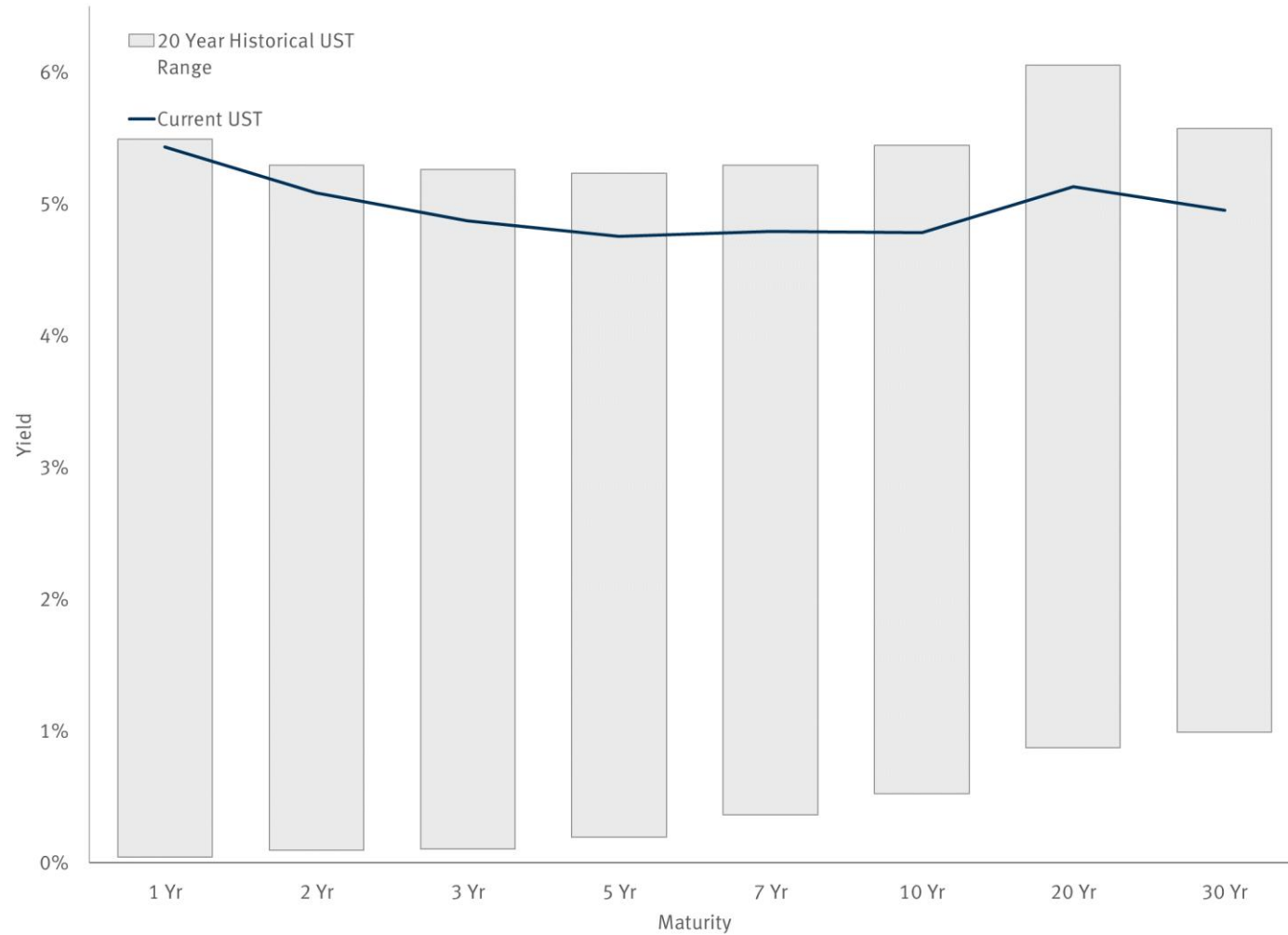
- ❑ The market is starting to believe the Fed that interest rates will stay higher for longer.



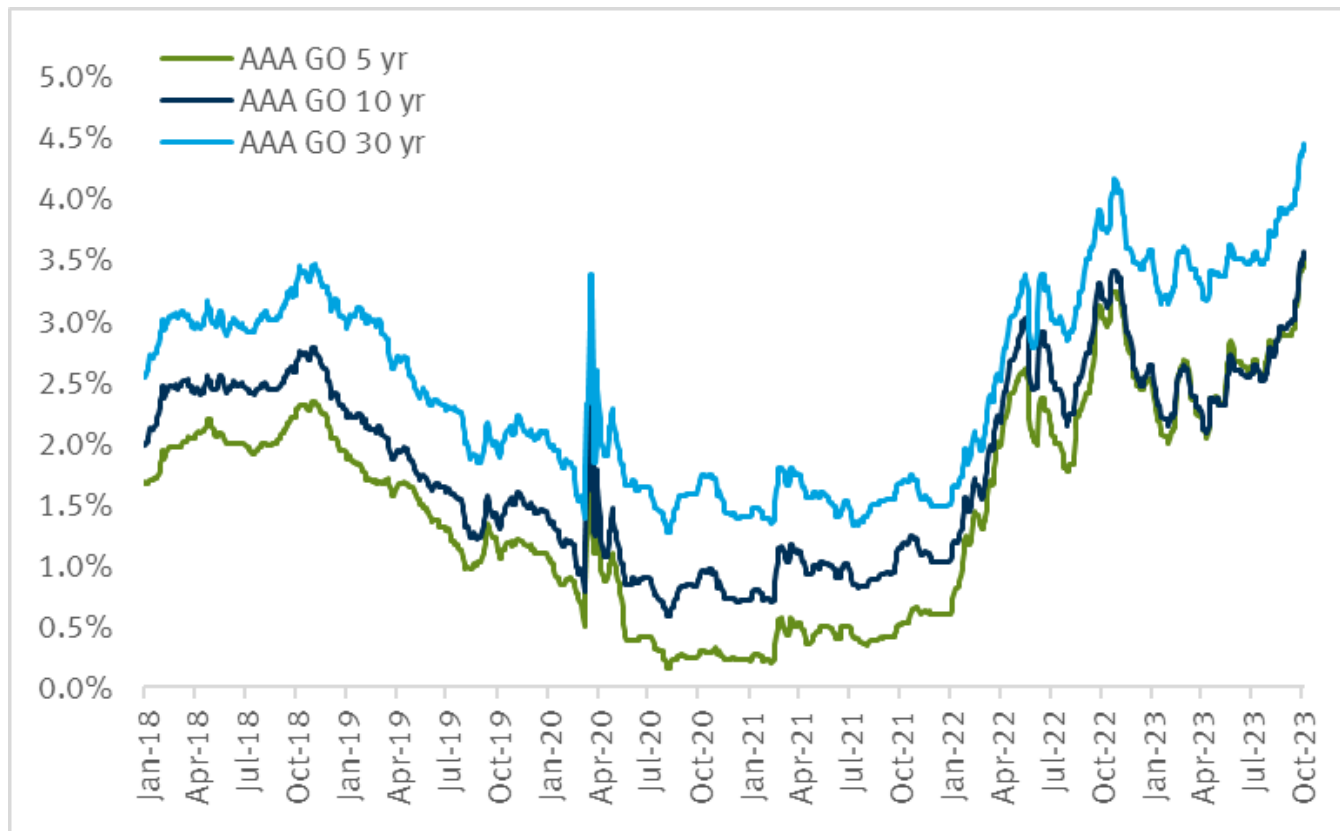
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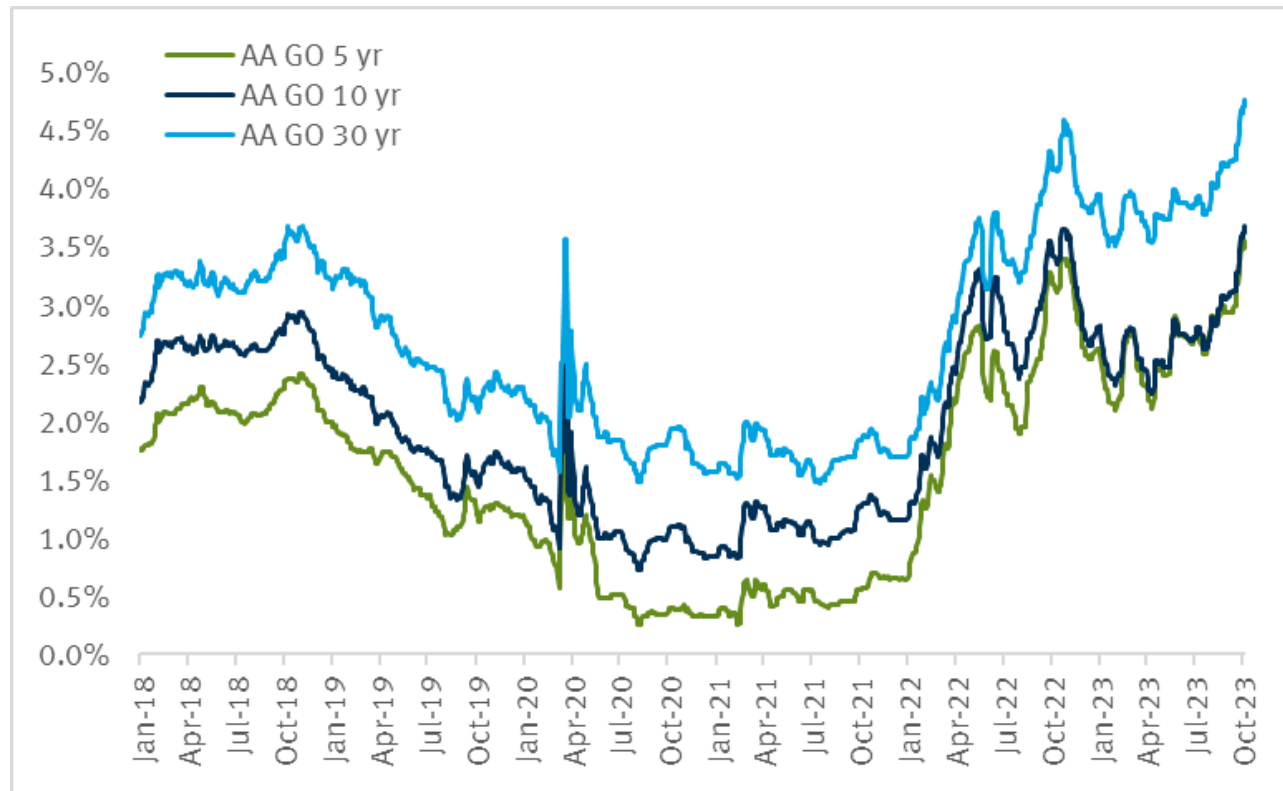
☐ We are still in an inverted yield curve.



- ❑ Municipal Bond rates have also climbed.

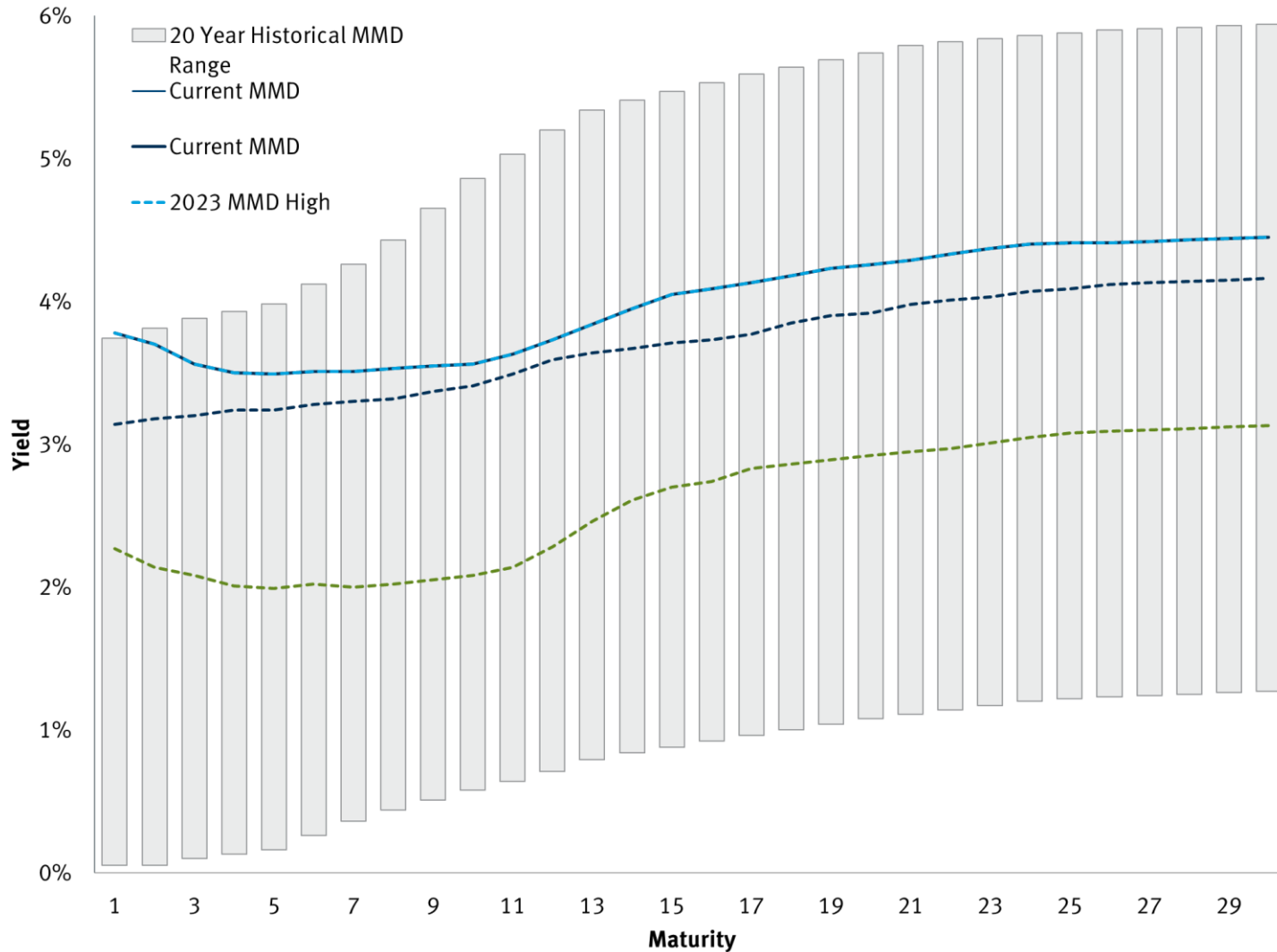


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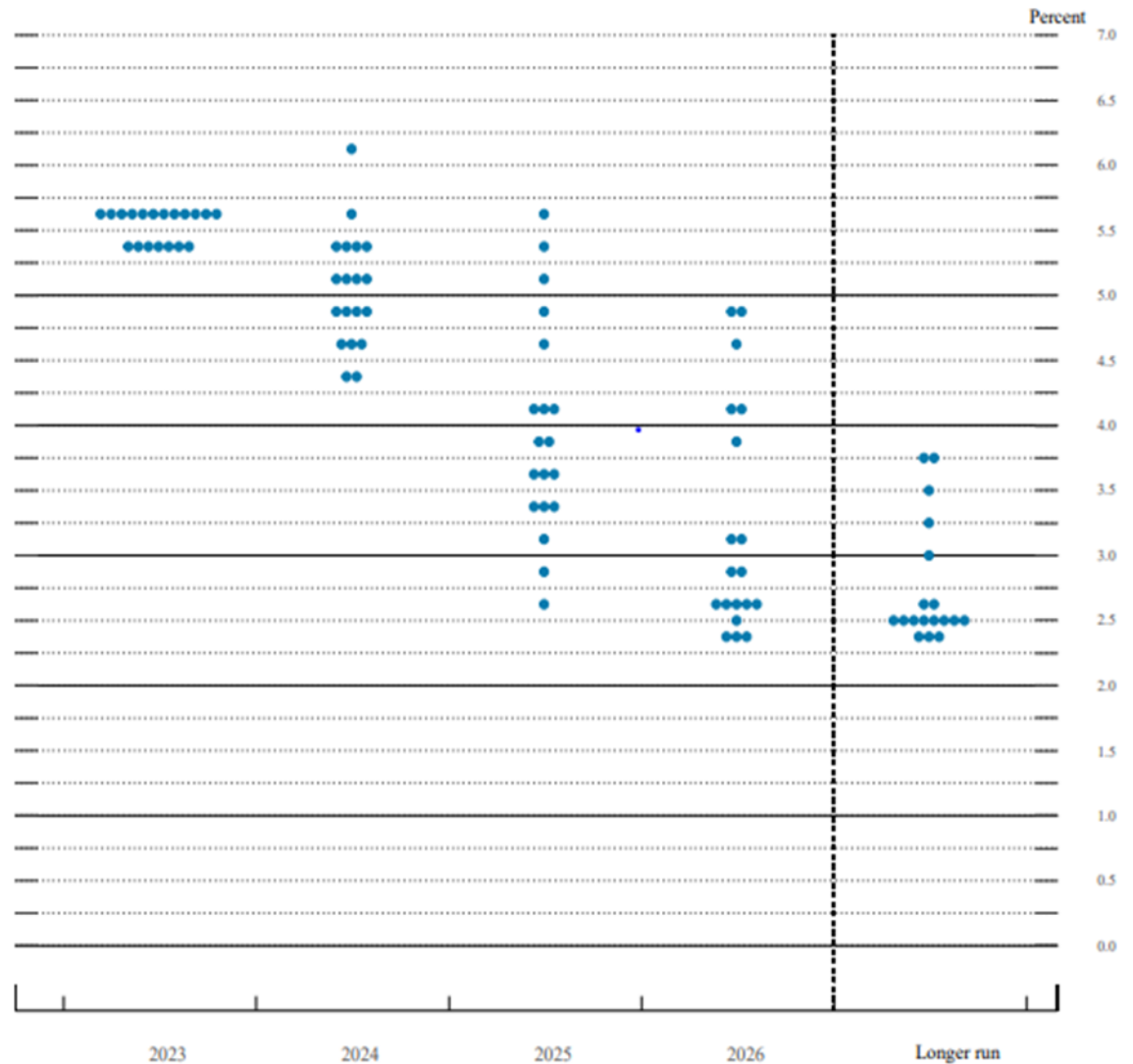


## ❑ Municipal Bond rates are still not outside of historical range.

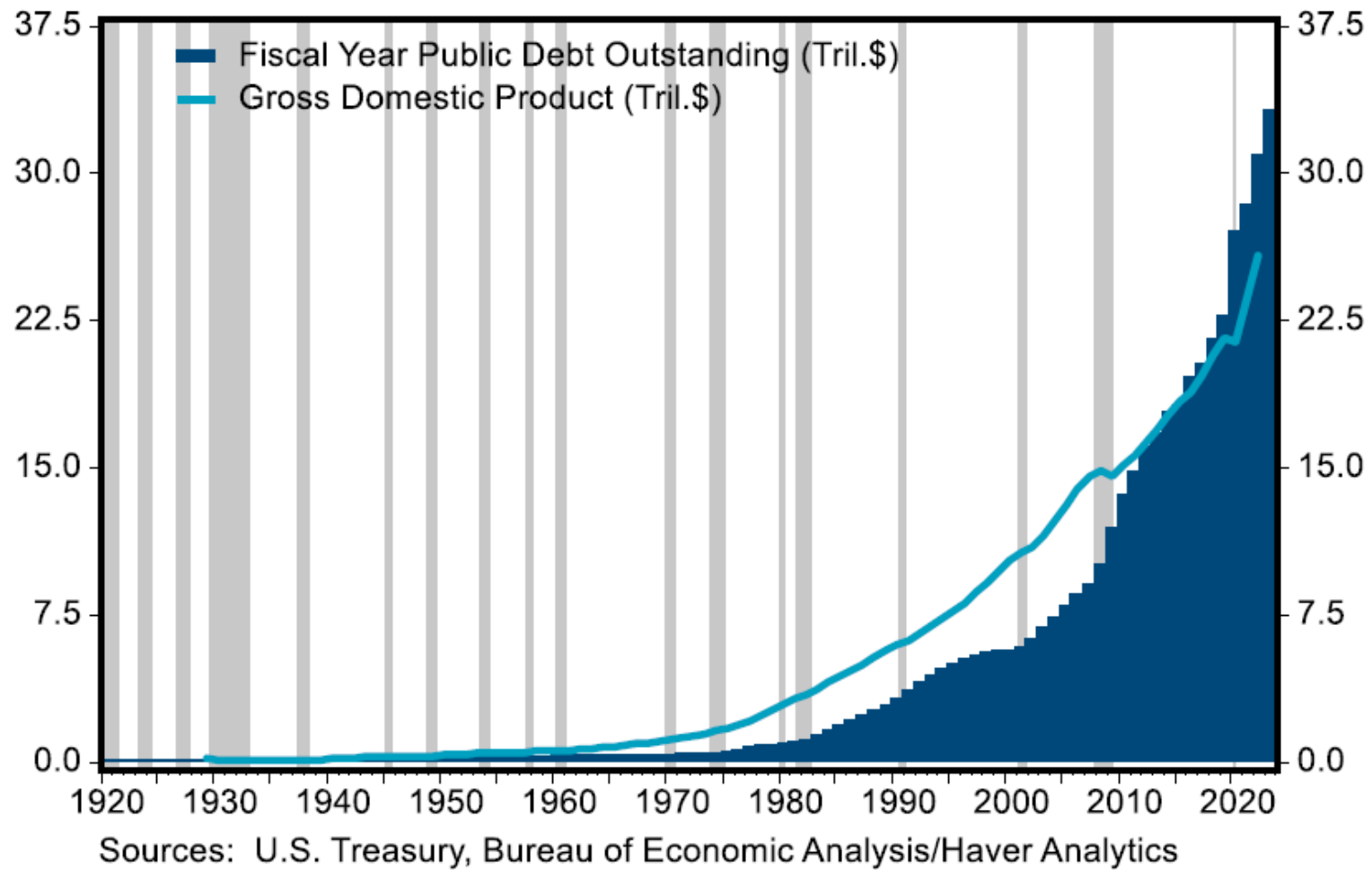


## It's A New World

- ❑ Still, while a shock to many given the relatively long time of cheap money, rates are still not outside of our 20-year range.
- ❑ We are not likely to see those 1% - 2% rates for some time.



### ☐ The Elephant in the Room



### □ The Elephant in the Room

- Over the past 10 years, U.S government debt has grown by 98% to over \$33 trillion. Our debt was already bloated at \$5.7 trillion in 2000
- More than 1.2 times the size of the domestic economy.
- As a result, many fear the U.S. is headed for a “debt trap” whereby growth is tamped down as funds are diverted away from investment to cover the higher costs of servicing existing debt. In other words, debt begets more debt.

- ❑ Many external factors also facing the markets:
  - ❑ War in Ukraine
  - ❑ Divided Congress
  - ❑ OPEC Oil
  - ❑ Labor Strikes
  - ❑ Uncertainty in the Middle East
    - ❑ Risks of tensions escalating to involve other regions, particularly Saudi Arabia

□ New State Laws

□ PA 103-0517

- Expands the territories of
  - South Western Illinois Economic Development Authority
  - Quad Cities Regional Economic Development Authority
  - Tri County River Valley Economic Development Authority

□ New State Laws

□ PA 103-0278

- Changes to the Working Cash Fund Law
- Allows a District to Abate (partially transfer) their fund to an operating fund
- Allows a District to Abolish their fund and recreate it without a referendum

- New State Laws

- PA 103-0137

- Provides for the electronic filing of bond resolutions with the County Clerk
    - Will not need to execute multiple copies of the bond resolution going forward
    - Some pushback from County Clerks as they are learning of the new law



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