



Weekly Market Update

Hosted by:

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FHLB  Chicago
Federal Home Loan Bank of Chicago

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Discussion Topics

- Weekly Interest Rate Comparisons
- Economic Data Releases
- FOMC Meeting Minutes
- Targeted Impact Fund: Program Highlights and Eligibility, Application and Timing, and Have Your Questions Answered Live!
- Preview of the Coming Week
- Q and A

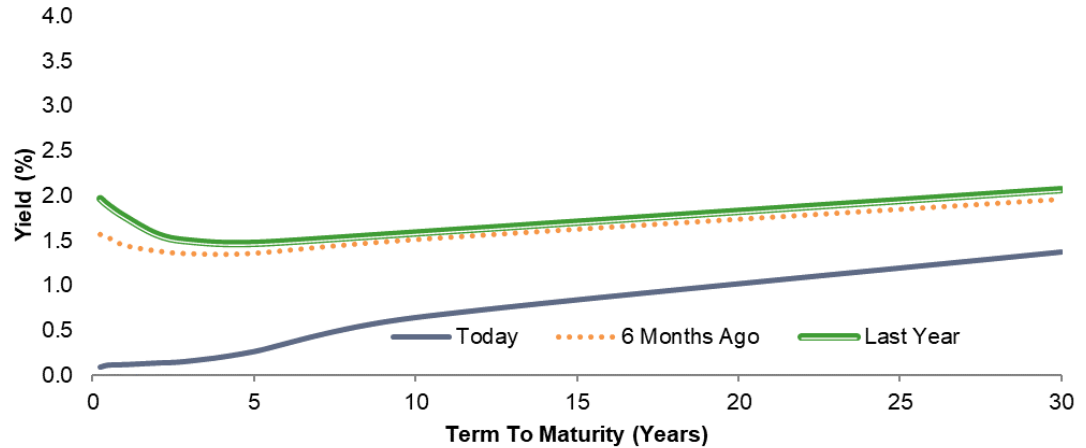
Weekly Interest Rate Movements

For the Week Ending 08/20/2020

U.S. Treasury Yields

	8/20/20	8/13/20
3mo	0.09%	0.10%
2yr	0.14%	0.16%
5yr	0.26%	0.30%
10yr	0.64%	0.69%

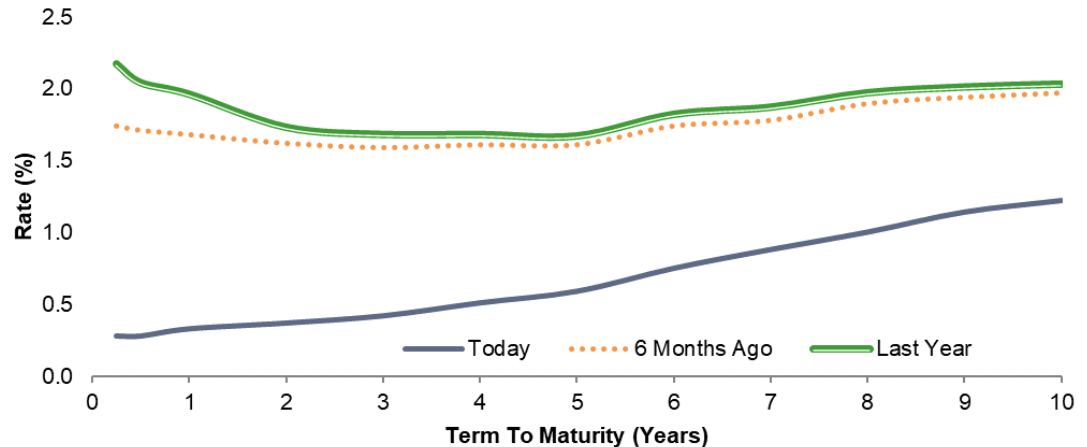
U.S. Treasury Yield Curve



FHLBank Chicago Advance Rates

	8/20/20	8/13/20
3mo	0.28%	0.28%
2yr	0.37%	0.40%
5yr	0.59%	0.63%
10yr	1.22%	1.25%

FHLBank Chicago Advance Rates



Source: U.S. Treasury, FHLBank Chicago

U.S. Economic Data Releases

For the Week Ending 08/20/2020

Retail Sales

July: 1.2% vs. June: 8.4%

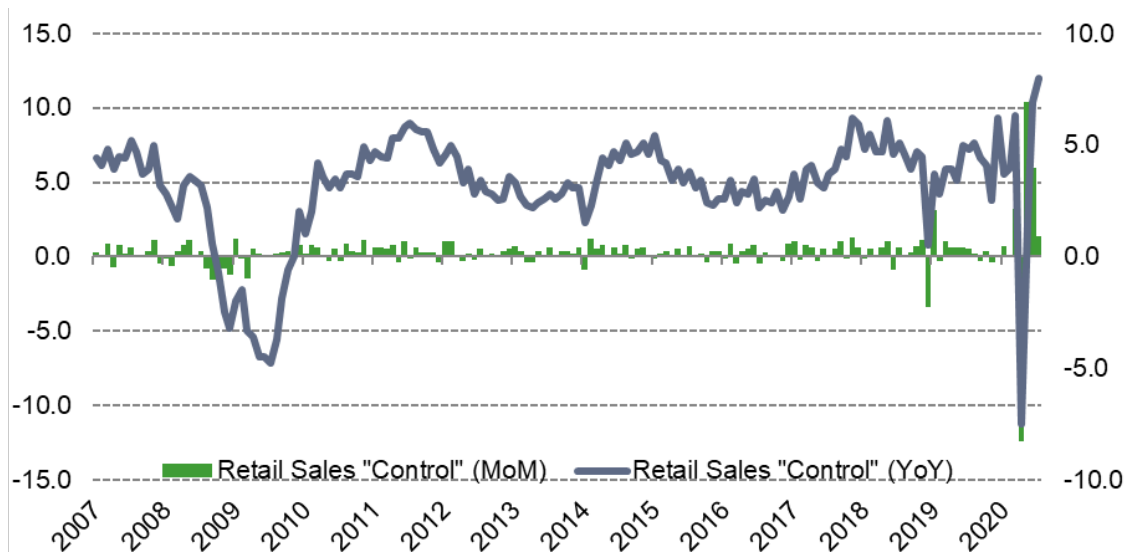
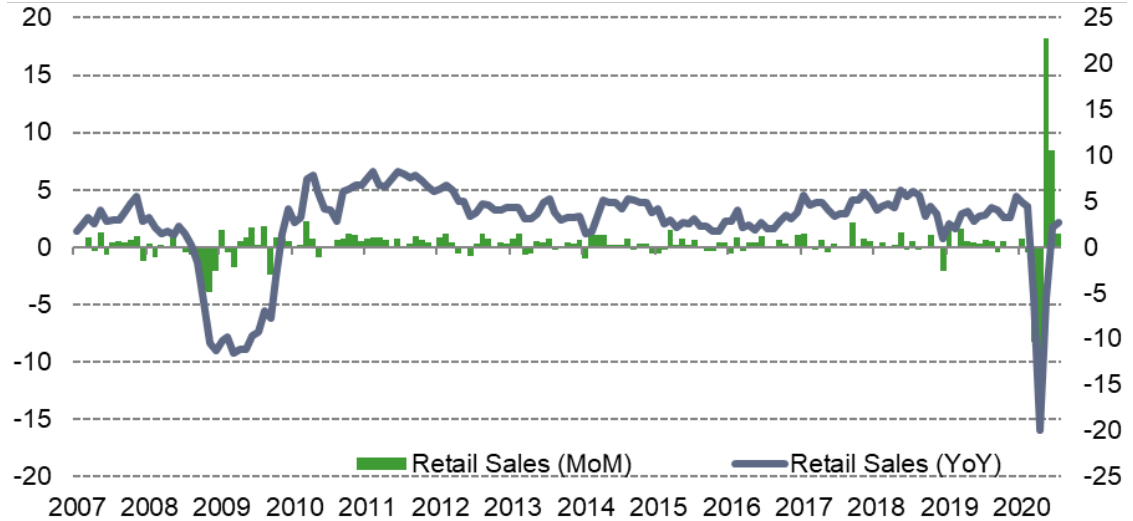
- Increased 1.2% in July, falling short of expectations of a 2.0% increase. Sales at gasoline stations rose 6.2% while food and beverage sales rose only 0.2%. Sales at food services and drinking places rose 5.0%, likely benefiting slightly from reopenings. Retail Sales are up 2.7% year-over-year.

Retail Sales "Control" Group

July: 1.5% vs. June: 6.0%

- In the control group, Retail Sales rose 1.5%, beating expectations of a 1.0% increase. This was driven by a 22.9% increase in sales at electronics and appliance stores, as well as a 5.7% increase in clothing and accessories stores.

Source: Bureau of Economic Analysis



U.S. Economic Data Releases

For the Week Ending 08/20/2020

NAHB Housing Market Index

August: 78 vs. July: 72

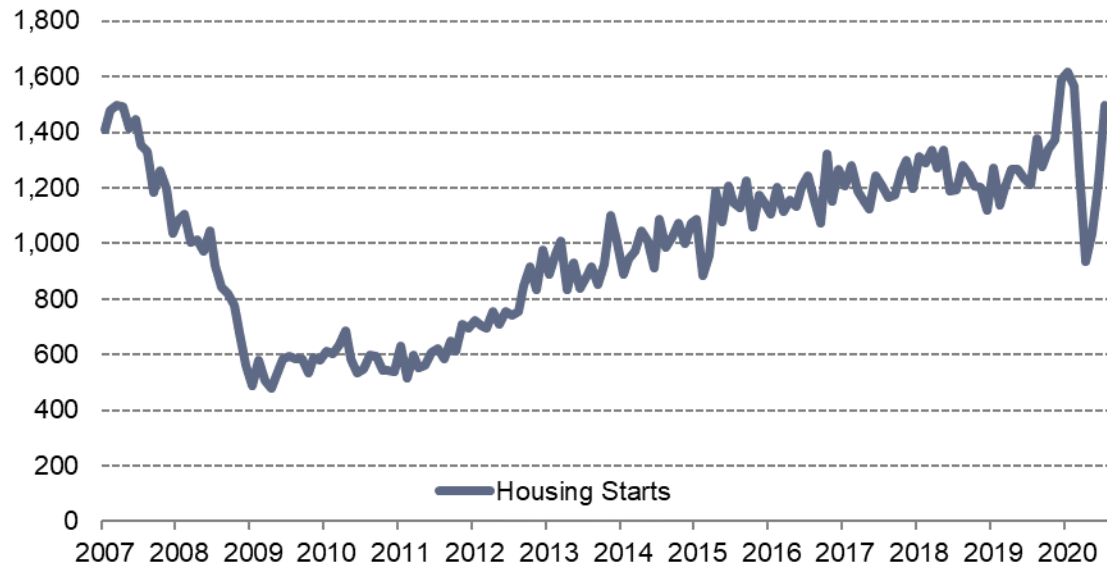
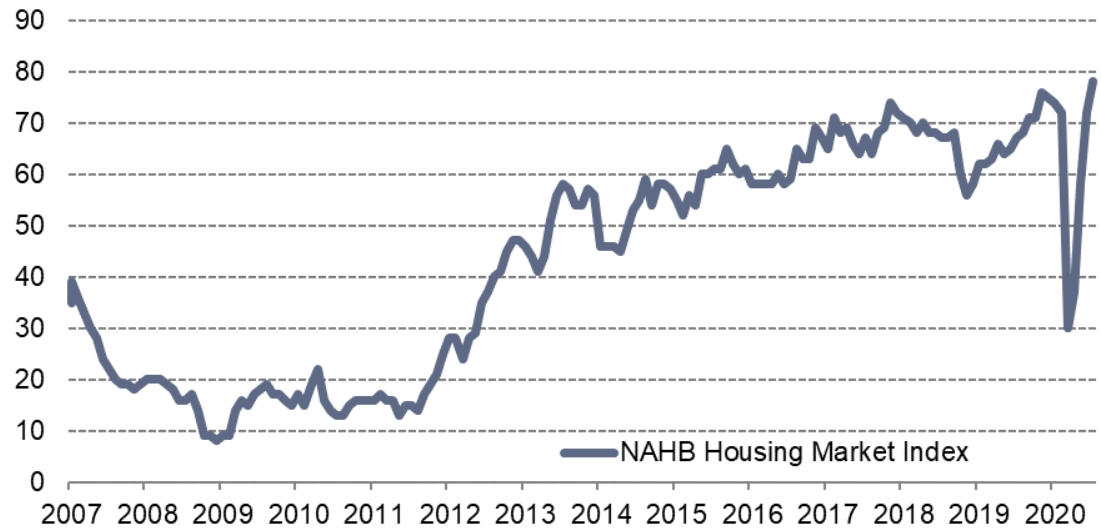
- Surged 6 points in August to 78, beating expectations of only a 3 point increase. This tied the highest level reached on the index with December 1993. All four regions experienced growth, with the West increasing the most, rising by 8 points. The South and Northeast increased by 7 points, while the Midwest increased only 1.

Housing Starts

July: 1,496K vs. June: 1,220K

- Rose by 22.6% to 1,496K in July, beating expectations of an increase to 1,240K. All regions grew month-over-month with the Northeast rising the most at 35.3%, closely followed by the South rising at 33.2%. The West and Midwest grew more moderately, rising 6.2% and 5.8%, respectively.

Source: U.S. Census Bureau, NAHB



U.S. Economic Data Releases

For the Week Ending 08/20/2020

Initial Jobless Claims

August 15: 1,106K vs August 8: 971K

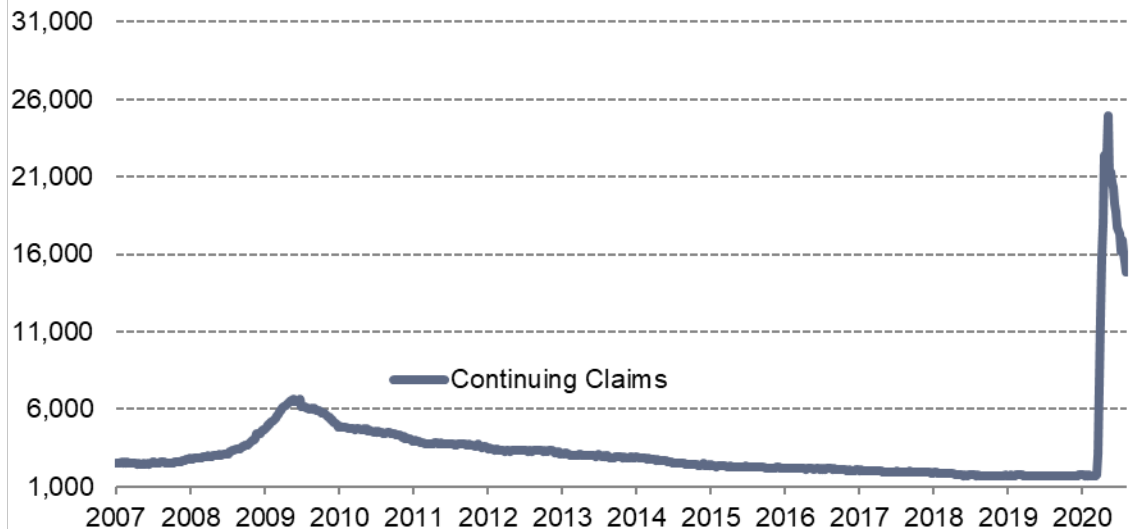
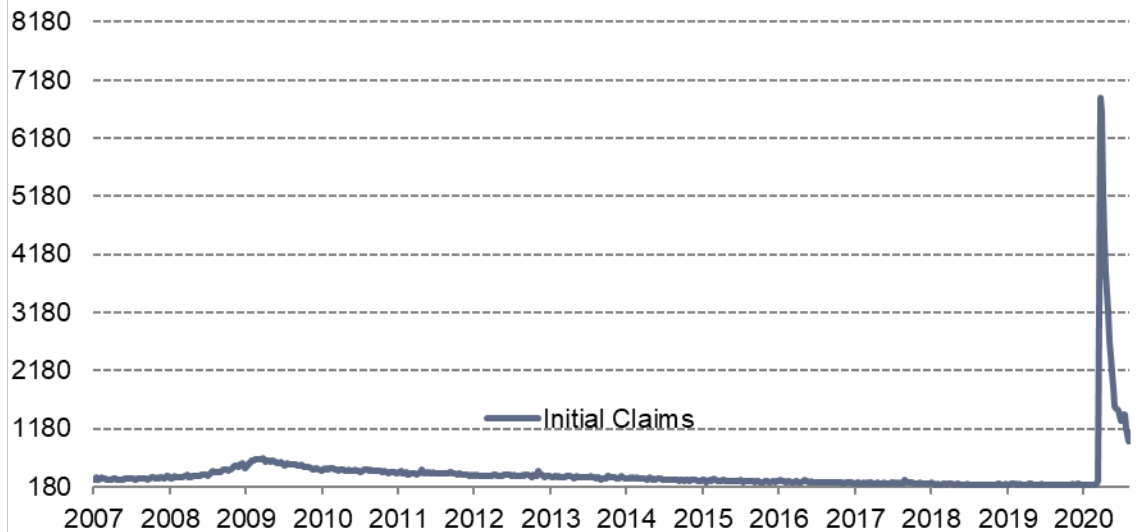
- Increased by 135K to 1,106K in the week ending August 15. The previous week was upwardly revised by 8K to 971K. As a result, the 4-week moving average decreased by 79K to 1,175.75K.

Continuing Claims

August 8: 14,844K vs August 1: 15,480K

- Decreased by 636K to 14,844K in the week ending August 8. The prior week was downwardly revised by 6K to 15,480K. As a result, the 4-week moving average decreased by 326.75K to 15,841.25K. The insured unemployment rate decreased by 0.4% to 10.2%.

Source: Department of Labor



FOMC Meeting Minutes

- The FOMC held a meeting via conference call on July 28 and 29.
- Participants noted that the coronavirus pandemic was causing tremendous human and economic hardship. Following sharp declines, economic activity and employment had picked up somewhat in recent months but remained well below levels at the beginning of the year. Weaker demand and significantly lower oil prices were holding down consumer price inflation. Overall financial conditions had improved in recent months and participants agreed that the path of the economy would depend on the course of the virus, which was seen as highly uncertain.
- The projection for the U.S. economy estimated that the level of real GDP in the second quarter was marked up compared with the June meeting forecast, reflecting the better than-expected data through June. Nevertheless, economic activity still appeared to have declined at a historically rapid rate in the second quarter. The projected rate of recovery in real GDP, and the pace of declines in the unemployment rate, over the second half of this year were expected to be somewhat less robust than in the previous forecast.
- Overall financial conditions eased slightly. Broad equity price indexes were roughly flat even as concerns about the resurgence of the virus in the United States grew. At the same time, Treasury yields and other sovereign yields declined, and the U.S. dollar weakened. Overall, volatility remained subdued relative to recent periods.

Source: *The Federal Reserve*

Announcing the Targeted Impact Fund

The Targeted Impact Fund is a \$14M grant program designed to achieve the following objectives:

- Assist members in supporting relief for communities hardest hit by COVID-19
- Support members in addressing racial equity disparities in their communities

Key Features

- Accessible to all member and associate member institutions
- Base grant amount per member: up to \$15,000
- Members may receive up to \$5,000 in additional grant funds for committing to match some or all of the base grant dollars
- \$5,000 minimum contribution to each grant beneficiary
- Grant beneficiaries must be located in Illinois or Wisconsin and aligned with specified program priorities
- Non-competitive program with application/funding process similar to COVID-19 Relief Grant

Announcing the Targeted Impact Fund

Determining Grant Amount and Total Proceeds for Beneficiaries

Base Grant + Member Match + Match Bonus = Total Proceeds for Beneficiaries

Example with no member match:

Base Grant Amount Requested (Up to \$15,000 per Member): \$

Is the member committing to match some or all of the base grant amount?

Yes

No

If yes, please indicate the amount:

- \$5,000 match (Receive bonus of \$1,000 in additional grant funds)
- \$10,000 match (Receive bonus of \$3,000 in additional grant funds)
- \$15,000 match (Receive bonus of \$5,000 in additional grant funds)

Grant Calculator

Criteria	Amount	Helpful Hints
Base Grant	\$ <input type="text" value="15,000.00"/>	Cannot exceed \$15,000
Member Match	+ \$ <input type="text"/>	May be \$0 if member chooses not to match. If providing match, match amounts may be \$5,000, \$10,000, or \$15,000.
Matching Bonus	+ \$ <input type="text"/>	May be \$0 if member chooses not to match. If providing match, bonus is \$1,000 for \$5,000 match; \$3,000 for \$10,000 match; or \$5,000 for \$15,000 match.
Total Proceeds for Beneficiaries	= \$ <input type="text" value="15,000.00"/>	Add the Base Grant, Member Match, and Matching Bonus to calculate the Total Proceeds for Beneficiaries.

Announcing the Targeted Impact Fund

Determining Grant Amount and Total Proceeds for Beneficiaries

Base Grant + Member Match + Match Bonus = Total Proceeds for Beneficiaries

Example with member match:

Base Grant Amount Requested (Up to \$15,000 per Member): \$

Is the member committing to match some or all of the base grant amount?

- Yes
 No

If yes, please indicate the amount:

- \$5,000 match (Receive bonus of \$1,000 in additional grant funds)
 \$10,000 match (Receive bonus of \$3,000 in additional grant funds)
 \$15,000 match (Receive bonus of \$5,000 in additional grant funds)

Grant Calculator

Criteria	Amount	Helpful Hints
Base Grant	\$ <input type="text" value="15,000.00"/>	Cannot exceed \$15,000
Member Match	+ \$ <input type="text" value="10,000.00"/>	May be \$0 if member chooses not to match. If providing match, match amounts may be \$5,000, \$10,000, or \$15,000.
Matching Bonus	+ \$ <input type="text" value="3,000.00"/>	May be \$0 if member chooses not to match. If providing match, bonus is \$1,000 for \$5,000 match; \$3,000 for \$10,000 match; or \$5,000 for \$15,000 match.
Total Proceeds for Beneficiaries	= \$ <input type="text" value="28,000.00"/>	Add the Base Grant, Member Match, and Matching Bonus to calculate the Total Proceeds for Beneficiaries.

Announcing the Targeted Impact Fund

Beneficiaries must align with at least one of the categories below:

1) Minority and Women Business Enterprise (MBE and WBE) Development and/or Rebuilding

Support for MBE and WBE small businesses to develop, grow, and/or rebuild.

2) Advancement of Black and Latino Communities

Support for organizations that promote a more fair and inclusive society for Black and Latino communities. Organizations may provide services supporting career development/job training, education, recreation, childcare, healthcare/wellness, etc. for populations that include Black and Latino beneficiaries, or otherwise serve a mission of promoting equity and racial justice.

3) Community Empowerment Services for Populations Hardest-Hit by COVID-19

Support for social services that benefit populations hardest hit by COVID-19, including but not limited to Black, Latino, Native American, elderly, and rural communities.

4) Affordable Housing Sustainability

Support for entities providing and/or promoting affordable housing for vulnerable populations. Such entities include programs that provide rental assistance to low- to moderate-income households, housing counseling agencies, homeless services organizations, fair housing agencies, and affordable housing projects in need of operating support.

Announcing the Targeted Impact Fund

Beneficiaries must be identified at the time of application

Organization	Full Address Address, City, State, Zip	Beneficiary Categories Beneficiaries must align with <u>at least one</u> eligible beneficiary category. (See category descriptions above.) Check (✓) all that apply for each beneficiary.				Description Please describe how each beneficiary aligns with the beneficiary category(ies) selected in the previous columns. (If the description exceeds the space provided, please submit on a separate document along with the application.)	Proceeds to Beneficiary (Min. \$5,000 per beneficiary)
		Category #1 Support for Minority and Women's Business Enterprises	Category #2 Advancement of Black and Latino Communities	Category #3 Support for Populations Hardest Hit by COVID-19	Category #4 Affordable Housing Sustainability		
1. Organization A Contact Person: Jane Doe	111 First St. Anytown, IL	<input type="checkbox"/> <input type="checkbox"/> MBE <input type="checkbox"/> WBE	<input checked="" type="checkbox"/> <input type="checkbox"/> Black <input checked="" type="checkbox"/> Latino	<input checked="" type="checkbox"/> <input type="checkbox"/> Black <input checked="" type="checkbox"/> Latino <input type="checkbox"/> Native American <input type="checkbox"/> Elderly <input type="checkbox"/> Rural <input type="checkbox"/> Other:	<input type="checkbox"/> <input type="checkbox"/> Relief for Renters <input type="checkbox"/> Relief for Home Owners/Buyers	Explain how beneficiary aligns with indicated categories...	\$ 5,000.00
2. Organization B Contact Person: John Doe	222 Second St. Anytown, IL	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> MBE <input type="checkbox"/> WBE	<input type="checkbox"/> <input type="checkbox"/> Black <input type="checkbox"/> Latino	<input type="checkbox"/> <input type="checkbox"/> Black <input type="checkbox"/> Latino <input type="checkbox"/> Native American <input type="checkbox"/> Elderly <input type="checkbox"/> Rural <input type="checkbox"/> Other:	<input type="checkbox"/> <input type="checkbox"/> Relief for Renters <input type="checkbox"/> Relief for Home Owners/Buyers	Explain how beneficiary aligns with indicated category...	\$ 5,000.00



TOTAL PROCEEDS FOR BENEFICIARIES (This must match the total calculated on Page 1)

\$ 10,000.00

Announcing the Targeted Impact Fund

Application and Funding Process

Application:

- Visit the [COVID-19 Resource Center](#). The application is located within the drop-down labeled, “Targeted Impact Fund Application.”
- To submit the application, click button on bottom of form, or email to ReliefGrant@fhlbc.com
- Members will receive confirmation via email that their application has been received.

There will be three funding dates:

- Applications received between August 17 and September 2 by 3:00 p.m. will be funded on **September 4**.
- Applications received between September 3 and September 16 by 3:00 p.m. will be funded on **September 18**.
- Application received between September 17 and September 30 by 3:00 p.m. will be funded on **October 2**.

Funding Process:

- Grant funds will be credited to the members’ FHLBank Chicago DID account.
- Members will receive a funding confirmation email the day grant funds are deposited in their DID account.
- Each FHLBank Chicago member is responsible for funding their selected beneficiaries.

This and That

A survey by creditcard.com found that 35% of American small-business owners have tapped into personal funds to finance their businesses since the Coronavirus pandemic struck. That includes those who have dipped into a personal savings account (21%), used a personal credit card (24%) or both (10%).

According to a new estimate by the World Travel and Tourism Council, nearly 200 million jobs in the travel industry could be lost worldwide because of the coronavirus pandemic and subtract more than \$5.5 trillion from global GDP in 2020.

According to Bloomberg, low rates and Fed stimulus measures have spurred a record \$1.346 trillion in U.S. investment grade bond issuance in 2020 through mid-August, surpassing the total yearly issuance for the years 2017, 2018, and 2019 with still four months of issuance left this year.

Source: Creditcard.com, World Travel and Tourism Council, *Bloomberg*

Economic Data Release Calendar

August 2020

This week ends with the economic indicator report on Existing Home Sales.

Throughout the week economic indicators will be released for the Chicago Fed National Activity Index, FHFA House Price Index, S&P Case Shiller HPI Index, New Home Sales, and Pending Home Sales.

The week ends with data on GDP to be released.

August 2020				
Monday	Tuesday	Wednesday	Thursday	Friday
3 Construction Spending ISM Manufacturing Index	4 Factory Orders Motor Vehicle Sales	5 MBA Mortgage Applications ADP Employment Reports ISM Nonmanufacturing	6 Jobless Claims	7 Employment Wholesale Trade Consumer Credit
10 JOLTS	11 Small Business Optimism Producer Price Index	12 MBA Mortgage Applications Consumer Price Index Atlanta Fed Outlook	13 Jobless Claims	14 Retail Sales Industrial Production Business Inventories Consumer Sentiments
17 NAHB Housing Market	18 Housing Starts	19 MBA Mortgage Applications FOMC Minutes	20 Jobless Claims Philadelphia Fed Outlook	21 Existing Home Sales
24 Chicago Fed Nat'l Activity	25 FHFA House Price Index S&P Case-Shiller HPI New-Home Sales Consumer Confidence Richmond Fed Outlook	26 MBA Mortgage Applications Durable Goods	27 Jobless Claims GDP Pending Home Sales Kansas City Fed Outlook	28 Personal Income Consumer Sentiments
31 Dallas Fed Outlook	Notes:			

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