The ADVISOR

Focus on Community Banking Issues

Third Quarter 2023

ECONOMIC ENVIRONMENT

We Aren't Out of the Woods Yet

Entering the second half of 2023, the U.S. economy continues to exhibit more momentum than most economists anticipated. Consumers are spending, unemployment is low, and inflation continues its downward trend toward the Federal Reserve's 2% target. While inflation has shown progress, these elevated spending patterns and the job market's resilience have again shifted sentiment towards the "higher for longer" rate path. Although the FOMC opted against a June rate hike, the stronger than expected data and ongoing dialogue from Fed officials implies that to prevent a resurgence in inflationary pressures, additional policy tightening is likely. With these factors in focus, we do not expect an imminent recession, but rather a slowly-building combination of headwinds leading to a recession in 2024. What are these headwinds? We see tighter credit conditions, diminishing household cash balances, rising costs of housing, more apparent labor market weakness, and the lagging impact of the Fed's tightening as the most likely contributors to an eventual slowdown.

How Far Will Inflation Fall?

By all measures, U.S. inflation has continued its decline. Headline CPI registered a 3.0% annualized increase in June, down significantly from its 9.1% peak last year. The PPI showed even more progress, posting a 0.1% annual rate compared to its high point of 11.6% in March 2022. The easing of supply chain issues is the biggest contributor in slowing cost pressures, as the New York Fed's Global Supply Chain Pressure Index is approaching its lowest level since 2008. While these sharp drops have fueled conversation about a "soft landing," there are several reasons why the Fed has been hesitant to declare victory. When including volatile food and energy prices, core inflation is still rising at a 4.8% annual rate, although energy costs have fallen 17% in the last year but could shift quickly due to heightening internal tensions within Russia. Further, wage growth has proven sticky, which poses a challenge for the

EPG RATE FORECAST

June 2023

MARKET RATE	Actual (%) 6/30/2023	Projected (%) 6/30/2024	Yr1 Δ	Projected (%) 6/30/2025	Yr2 Δ
FedFunds	5.25	5.50	0.25	4.50	-1.00
Prime	8.25	8.50	0.25	7.50	-1.00
3mthTsy	5.43	5.00	-0.43	4.00	-1.00
6mthTsy	5.47	4.80	-0.67	3.80	-1.00
1yrTsy	5.40	4.70	-0.70	3.70	-1.00
2yrTsy	4.87	4.55	-0.32	3.55	-1.00
3yrTsy	4.49	4.25	-0.24	3.25	-1.00
5yrTsy	4.13	3.75	-0.38	3.00	-0.75
10yrTsy	3.81	3.40	-0.41	2.85	-0.55
30yrTsy	3.85	3.20	-0.65	2.75	-0.45

RATE OUTLOOK DESCRIPTION:

This represents EPG's current view of interest rates.
Depending on the actual timing of the ALM meeting, the forecast may be altered and/or updated.
For the most accurate current rate forecast, please call EPG, Inc. at (781) 235-2666.

Features

Economic Environment: U.S. economy continues to outperform expectations.

Fixed Income Strategy: Investing landscape remains strained by tight liquidity and the inverted curve.

Equity Strategy: Strong 2023 has effectively recovered the bear market of last 20 months.

ALM Strategy: The cautious and conservative approach to balance sheet management remains.

EPG INCORPORATED

ECONOMIC ENVIRONMENT

Fed due to concerns of a "wage-price-spiral," where increasing wages ultimately create higher prices of goods and services.

Another primary driver of the steep declines in annual CPI has been elevated 2022 monthly readings rolling off the annualized rate. The month-over-month CPI increases in March, May, and June 2022 were 1.0%, 0.9%, and 1.2%, respectively. In contrast, the following months of July, August, and September 2022 showed monthly increases of 0%, 0.2%, and 0.4%. To put this into context, the recently released month-over-month CPI increase in June was 0.2%; if this number is unchanged for July, year-over-year CPI would actually increase because the monthly roll-off from July 2022 will be 0%. Therefore, reaching the Fed's 2% target will be exceedingly difficult unless we see a material slowdown in employment or consumption.

EPG Rate Forecast: Inverted for Longer?

Following 10 consecutive interest rate hikes, the Fed finally paused at the June FOMC meeting in a unanimous decision. However, the meeting's minutes revealed that the decision to pause was not as clear of a consensus as the unanimous vote implied, and in the following weeks, it has become apparent that this decision was a "skip" rather than a true pause. According to the minutes, some officials pushed for a 25 basis point hike or "could have supported such a proposal." When combined with the dot plot showing a terminal Fed funds rate of 5.6%, 50 basis points higher than the previous 5.1% projection in March, it is unlikely that the tightening cycle has concluded. Chair Powell stated that the decision not to raise rates would give the FOMC more time to assess the impact of prior rate hikes, and while this is valid, we believe the committee remained concerned about further banking sector turmoil resulting from another immediate hike.

In context of above-trend job creation, slim likelihood of further material downshifts in core inflation, and the increased terminal Fed funds rate projection, we expect a 25 basis point increase at the July FOMC meeting. Without an imminent recession, we expect a pause after this hike as the Fed adopts a "higher for longer" mindset. A low unemployment rate and continued job growth will allow the Fed to maintain their goal of "sufficiently restrictive" rates without violating the mandate of maximum sustainable employment. We believe the economic impact of the tightening cycle will still occur, albeit delayed; we now see an economic contraction and material unemployment uptick in 2024, leading to our base case projection that the Fed will begin to cut rates in the third quarter of next year.

While a "higher for longer" Fed funds rate implies lessened near-term economic damage, the environment still presents several challenges. Foremost, the yield curve is likely to remain inverted through the end of next year and into 2025. For the yield curve to return to a normalized shape, either short rates need to fall materially, or long rates need to increase quite significantly. In our view, neither of these events are likely to occur in the short term. The short end is controlled by the Fed, leaving a massive selloff in long term rates as the only possibility for a normal yield curve under the "higher for longer" scenario. The 10-year Treasury has been rangebound since early June, with a recent peak just above 4% before dropping over 20 basis points. Without economic data that surprises materially to the upside or signs of inflation increasing once again, we do not see the 10-year trading significantly higher in yield than the top of its current trading range. If this does occur, it would likely be accompanied by expectations of additional monetary tightening, which would exacerbate the curve inversion by nature of the short end rising in tandem. If the Fed truly intends to maintain a restrictive policy rate for an extended period, the committee must consider the potential ramifications of a similarly prolonged inversion.

ECONOMIC ENVIRONMENT

Labor Market: A "Slow Slowdown"

Since the beginning of the Fed's tightening cycle, the labor market has remained a pillar of strength for the US economy. The 3.6% unemployment rate is still near all-time lows, with only 0.6 unemployed workers available for each job opening, and the economy is adding jobs at a healthy clip. However, employment data is marginally cooling; the 209,000 jobs created in June was slightly lower than the 278,000 monthly average for the first half of the year, and well below the 339,000 monthly average in 2022. This number also represented the first Nonfarm Payroll release below the consensus estimate in 15 months. We anticipate a weaker employment picture ahead, but one that will play out over a longer period than the Fed originally anticipated.

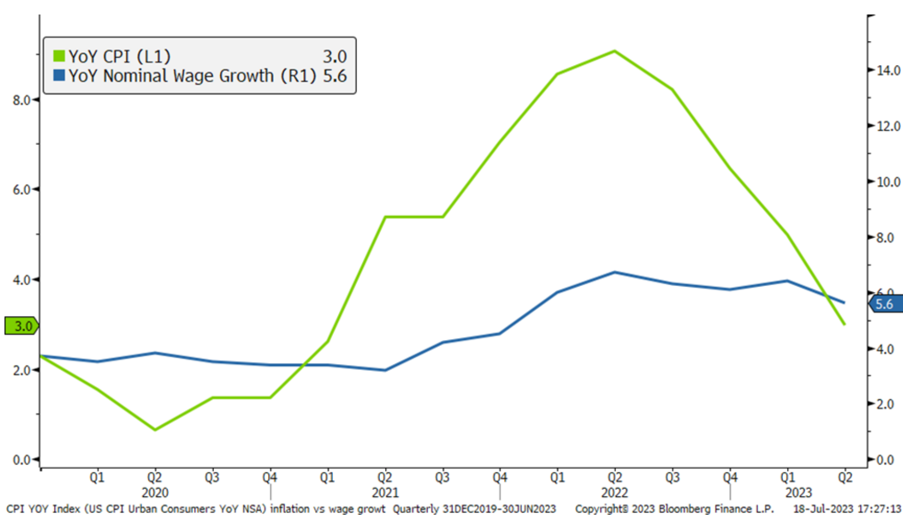
Interestingly, wage growth is outpacing inflation for the first time in two years (please see graph below). Nominal average hourly wages rose at a 5.6% annual rate in June, showing that employers are still willing to incur additional costs to attract employees. This continues to be driven by a scarcity of workers in the services & leisure sectors, coupled with unexpectedly high travel demand this summer. According to the Atlanta Fed, wage growth among the bottom 25% of earners has outpaced the top 25% over the last 12 months, again highlighting the discrepancy in labor demand between the tech and services sectors.

Consumers Are Still Spending, but Headwinds Remain

In what may be a flow-through effect from the ever-growing job market, domestic consumer spending has held up remarkably well. However, while still growing, the pace of spending does appear to be softening. Retail sales rose by 0.2% in June, which was below the consensus expectation of 0.5%. However, we believe consumption is likely to slow in the second half of the year as the excess cash accumulated during the pandemic slows, jobs become less plentiful, and goods & services remain expensive. These dynamics are already beginning to affect lower-income Americans, as Bloomberg Economics estimates that the average household below the median U.S. income threshold has only a one-month spending runway remaining from excess savings. This can be seen in the recent delinquency surge in auto loans and credit cards. Delinquencies are still low relative to the pre-pandemic environment, but this slow deterioration in household balance sheets provides evidence that many Americans are feeling financially stretched.

The resumption of payments in September for the roughly 27 million federal student loan borrowers should not be ignored either. According to TransUnion data, about half of student-debt holders will have a monthly payment above $200, and about 20% will have a payment north of $500 per month. Many of these borrowers have not made any payments since the pause began in 2020, so reintegration of this expense into monthly budgets may come at the cost of discretionary spending. ◆

Nominal Wage Growth Exceeds Inflation for the First Time Since 2021



Source: Bloomberg

FIXED INCOME STRATEGY

A Challenging Environment Continues into the 2nd Half of 2023

The second quarter began with investors thinking the Fed was near the end of its tightening cycle, even with inflation still running above the long-term target level of 2.0%. Liquidity in the banking sector remained a concern as overnight borrowing rates continued to climb. The long end of the yield curve has been pricing in a recession scenario since the 3rd quarter of 2022 and it appeared that with tighter lending standards on the horizon, would continue to make things difficult for consumers with mortgage rates near 20-year highs, impacting home affordability. Most economists thought the Federal Reserve would be pivoting to cutting rates by now, which would also help bank balance sheets and provide some relief on loans and investment purchases made during the pandemic that experienced the 2022 interest rate volatility into higher yields.

However, continued solid employment data has delayed an economic slowdown, putting the Fed in a position to rethink the end point of its current tightening campaign to lower inflation back to their long-term target of 2.0%. The 209,000 increase in the June employment report fell short of economists' consensus of 230,000, a minor miss, but the first below consensus after 14 consecutive months of exceeding projections. Additionally, the April and May payroll data were revised down by 110,000. This could be the start of what we thought would be the result of the FOMC's action to contain inflation and slow the economy. Starting in March of 2022, the Fed started implementing policy to lower inflation by raising short term rates by 500 basis points before finally pausing at the June meeting. It was expected that it could take some time before the aggressive rate increases would slow the economy, but it was unlikely that we would still have an unemployment rate near 50-year lows of 3.6%, after 15 months of Fed activity.

How did the June Pause Impact Interest Rates?

Although the Fed pause in June was expected, the committee signaled to the market that further tightening is likely to resume in coming meetings as inflation remains above the target level. The June FOMC minutes clarified that there were voting members on the committee that favored a rate hike in June but went along with the pause. Although policy makers decided unanimously to leave rates unchanged in June, this immediately increased the probability of a July hike. The governors favoring a 25 basis point increase commented that the labor market continues to remain tight and economic activity has been stronger than anticipated, supporting their view to resume tightening in the near future. Despite the declining stresses in the banking sector, some participants commented on monitoring whether developments will lead to further tightening of credit conditions and weigh on economic activity. Our takeaway was that the June pause was a close call, and that a July rate increase has become the base case. It would be difficult for the Fed to pause again and still consider this a tightening cycle. After the June minutes were released, markets quickly reacted, pricing in additional rate increases again. The 2-year Treasury briefly increased to above 5.0%, just shy of its highest level prior to the bank failures, while 10-year Treasuries repriced back above 4.0%, retracing from lows near 3.30% in early April.

Investment Environment

The investment environment continues to be strained, with limited financial institution liquidity and elevated funding costs putting pressure on net interest margins. Spreads across Agency products have increased as a result of limited investor demand, coupled with weekly liquidation lists

hitting the street from Silicon Valley and Signature Bank's investment portfolios. Although funding costs are approaching 5.5%, the recent runup in rates with wider spreads has created accretive investment alternatives. The longer end of the yield curve continues to be ahead of the market, pricing in the recession scenario. As a result, the 2 Year-10 Year relationship has retraced back near 100 basis points after reaching levels inside of 50 basis points, when it seemed that policy tightening was less likely starting the second quarter. As a result of the curve inversion, bullet like securities don't look as attractive as callable securities, and do not offer excess yield to funding costs at current rate levels, making them a difficult investment unless the economy weakens significantly, forcing the Fed to begin cutting rates sooner than anticipated. Agency MBS look relatively attractive given the liquidations in the mortgage sector, with yields on 30-year Agency MBS and Agency Hybrid ARM's comparing favorably to overnight funding costs. This scenario is margin positive but may be limited under the scenario that rates remain elevated for longer or the incoming economic data continues to indicate a need for tightening. Callable Agency rates have not benefitted from the recent rise in interest rates and remain impacted by the inverted yield curve, with minimal benefit for extending maturities. However, as with Agency MBS, yields are generally high enough to exceed overnight funding costs, while also saddling the investor with extension risk in many cases. The inverted curve, coupled with expectations of future Fed cuts, has made call protection relatively expensive compared with funding costs. ◆

Yield Curve Changes Year to Date

Term	12/31/2022	6/30/2023	Change
6 Mo	4.75	5.40	0.65
1 Year	4.69	5.39	0.70
2 Year	4.42	4.89	0.47
3 Year	4.22	4.53	0.31
5 Year	4.00	4.16	0.16
7 Year	3.97	3.99	0.03
10 Year	3.88	3.84	-0.04
20 Year	4.14	4.07	-0.07
30 Year	3.96	3.86	-0.10

Source: Bloomberg

EQUITY STRATEGY

Equity Markets: Has a Base Been Built?

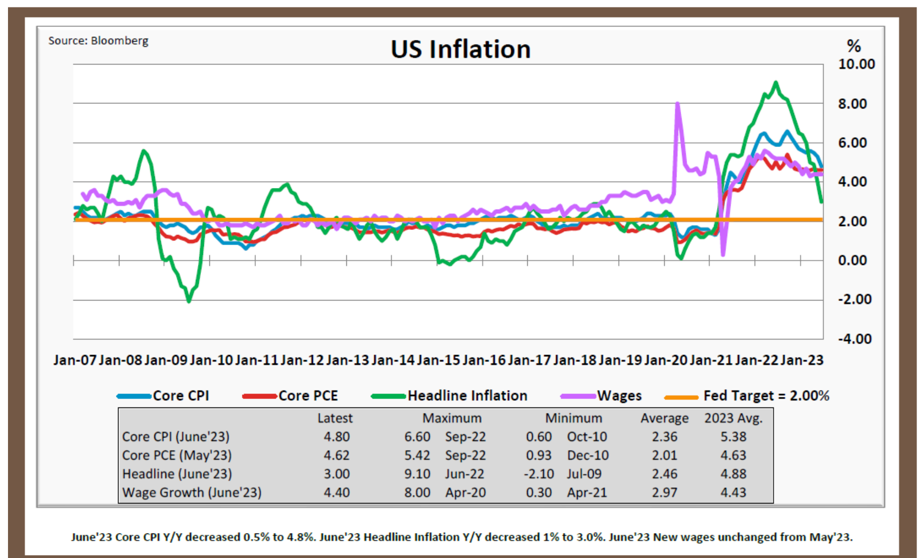
When looking at the last two years' performance of the major stock indexes, markets have effectively retraced bear activity, creating a price change of 0.24% for the Dow, 2.58% for the S&P and -5.44% for the Nasdaq. The strong equity market performance of 2023, led by a very narrow band of individual performers, had up until mid-May been the result of mega-cap Technology stocks and their perceived leadership in artificial intelligence product and usage development. Over the last two months, a wider swath of participants in equity market momentum has taken hold. Many stocks have now created a base from which they can break out and trade higher. This consolidation of the price of a stock over the last months, after seeing downward trends, is creating potential platforms or bases from which it can trade higher. As equity investors look to the second half of this year, there are a number of influencers that will likely support continued rallies, creating a "net sum gain" in market performance for 2023 or continued sidewards or even downward pressure. What are some of these primary influencers that will guide investor sentiment and related activity?

Will the Fed be Patient with Inflation?

Throughout 2023, a hope, and now belief, by some equity investors that the Fed can achieve a soft landing has been an important influence on recent stock market activity. Key economic indicators are showing that inflation is abating, and as a result, the belief is the Fed can certainly pause after the anticipated July rate hike and allow inflation to retreat without driving the economy into recession. This view was rarely voiced, let alone believed, as we entered this year. The target of 2% remains the Fed's goal for the average inflation rate and, if aggressively pursued by the Fed through continued rate hikes in the coming months, would lead to the recession that most still believe is inevitable. (i.e. greater than 50% probability) Equity market rallies are now reflecting a growing expectation that the Fed will "take their time" and either extend the timeline when a 2% inflation rate needs to be reached or increase the target rate to 3%. Inflation has been coming down due to factors such as pandemic price pressures abating and lower oil prices, as well as the Russia-Ukraine war being now thought of as a long term and understood influencer on investment thinking. These dynamics, combined with the unprecedented increase in short term interest rates, supports the view that a segment of equity analysts believe that enough has been done to relieve inflation pressure, and therefore the Fed can pause and observe what will likely be continued declines in inflation readings. This is considered a positive for the equity markets.

Does the Job Market Continue to Matter?

While a recession would impact the job market and timing/ magnitude of material job losses,



	Latest	Maximum		Minimum		Average	2023 Avg.
Core CPI (June'23)	4.80	6.60	Sep-22	0.60	Oct-10	2.36	5.38
Core PCE (May'23)	4.62	5.42	Sep-22	0.93	Dec-10	2.01	4.63
Headline (June'23)	3.00	9.10	Jun-22	-2.10	Jul-09	2.46	4.88
Wage Growth (June'23)	4.40	8.00	Apr-20	0.30	Apr-21	2.97	4.43

June'23 Core CPI Y/Y decreased 0.5% to 4.8%. June'23 Headline Inflation Y/Y decreased 1% to 3.0%. June'23 New wages unchanged from May'23.

EQUITY STRATEGY

demand for workers being greater than supply is an assumption that many are making when looking at a "soft landing" scenario. Therefore, equity market activity in the coming months will be impacted not solely by jobs data but also by how the Fed positions the importance of such data for future rate hikes or, as important, the timing of rate cuts. Wages are a major component of the cost of running a business and while other factors could bring down inflation, in lieu of wage pressure relief, this input will have a material impact on corporate earnings and outlook during the second half of 2023.

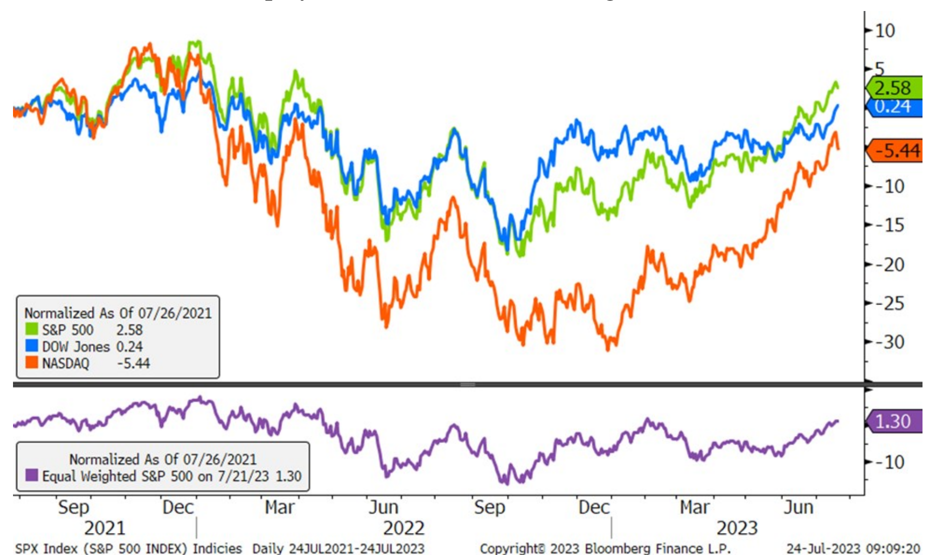
Will the Housing Market Rebound Hold and Will This Cause the Fed to Tighten Higher and Longer?

Home prices are showing a recovery from the brief dip seen last year. A continued lack of supply as well as buyers losing patience with "waiting it out," could cause prices to reach the record levels seen last year. In June, there were approximately 1 million homes for sale according to the National Association of Realtors. This is the lowest level on record. The measures of such upward pressure on inflation lag, so the increase in prices and activity today will show months down the road. What may offset this will be a continued building of new homes and rental units, not just for taking pressure off of prices for homes and rent, but also contributing to earnings growth in those sectors and industries that are part of housing.

How will Earnings Guide Investor Sentiment and Activity?

While it can be argued that there are likely to be fewer surprises from the Fed and central banks, earnings are going to be even more important as the catalyst that will move the markets into positive territory. With valuations considered by many no longer cheap, corporate earnings strength needs to be seen. The S&P is trading at close to 20 times its P/E ratio forward estimate. This is above the historic median value of 18. Maintaining the underlying margins that support earnings will also be a primary focus of equity investors in the coming weeks and months. Influences on earnings, such as the strength of important global economies like China, add to the overall perspective and outlook for earnings growth. For many companies, profits are likely to show a third straight quarter of declines, yet the forward-looking EPS estimates are improving for the next two quarters overall. This has fueled a recent broadening of the number of equities which have rallied. The critical dynamic for earnings will have to reflect an upturn in growth that investors are looking for, versus simply a cost-cutting strategy. The key driver for earnings will be the expectation of a minimum acceptable level which corporate earnings must meet, now that fear of Fed policy damage to the economy is abating and associated lower expectations are fading.

Equity Index Performance: Trailing Two Years



Equity Investor Strategy:

Looking forward, based on a number of influencers which will guide equity market performance and volatility, portfolio strategy should continue to include sizing of a portfolio, the associated timeframe for performance measurement, and an understanding of what will drive economic activity over the coming years. While equities have benefited from the rally which has occurred in 2023 to date, as can be seen in the above chart, it effectively has been one of recovering from bear market activity of the last 20 plus months. Even when looking at the NASDAQ 100, the dramatic and impressive recovery of 2023 corresponds to the equally dramatic declines of 2022. The coming quarter will help make clear whether a new base has been formed for equity momentum and appreciation, or a "stall out" of such momentum and a resignation to the fact that a recession is likely, and with it, disappointing corporate earnings. The cost of funding equity purchases is also one of relative opportunity cost. Current short-term rates exceed 5% and this "safe harbor" for equity dollars, while waiting for confirmation of where the economy is heading, provides for many acceptable risk-free (e.g. Treasury) returns.

Realistic risk-return time horizons must be understood and confirmed for equity investing, especially given the "bright light" shining on all things A.I. and the massive market moves which a select group of Tech stocks participating in this space have seen, creates pressure on investors for the "home run." While of course, artificial intelligence is only going to become more and more a part of innovation in technology and how it supports global growth, the development and application of such is "up for grabs" and existing and new technology leadership is all vying for market share. Like so many times before, this translates to extreme volatility and what can be elevated price risk. Realistic and aligned timeframes associated with equity portfolio performance that are tied to the risk profile of the investor are critical to understand and maintain in all markets, but particularly in such a market as is now being experienced. ◆

ALM STRATEGY
More of the Same as we Enter Q3

The change in balance sheet management philosophy that started after the failure of Silicon Valley Bank- the 'cautious and conservative' approach - has only increased over the last few months. This permeates all aspects of financial management, from lending (both growth and pricing) to investments (extraordinarily little activity), deposits (do almost whatever is necessary to keep it) and borrowing (do whatever is necessary to pay it off).

The Current Operating Environment

The change in the approach to lending over the past four months has been significant. Credit has tightened and has become more expensive; not prohibitively expensive enough to shut off lending entirely, but enough so that both borrowers and lenders see a difference. Anecdotal evidence points to larger, regional banks providing credit only to existing clients, or in some cases, only top clients. We have heard that if a potential borrower walks into one of these institutions without an existing relationship, they will be shown the door…in a nice way, of course! This has led to enhanced opportunities for community banks, who are seeing deals that they never would have been offered only a few months ago. In many cases, however, they are deals that most find unappealing, at best. In addition, rates are up, as lenders have more pricing power with fewer competitors. Although no clients have stopped lending, most are just as happy passing on a deal that they would have aggressively fought for a few months back.

From a rate perspective only (ignoring the liquidity environment), with the Fed likely nearing the end of its tightening cycle, it is a good time to add longer term assets with duration to the balance sheet. However, with the likelihood that the Fed will hold rates higher for longer (with potential first cut in Q3, 2024), the margin will be skinny for the next year or so. High quality CRE loans in the 7% range are accretive, even if funded overnight, and should remain that way through the entire cycle. If the Fed tightens all the way to 6.5%, which is unlikely, there is still enough spread to justify the loan, given that once the Fed starts to cut, overnight funding rates will decline. In addition, and maybe more importantly, if the Fed needs to cut, it will be due to a slowing economy, which should benefit deposit levels as people become concerned and cut their discretionary spending or move money back to insured depositories from the equity markets.

Funding costs remain high, but the pace of increase seems to have slowed. The most competitive CD special rates are in the low 5% range (generally under 5.50%), and can bring in new money, but are most effective in keeping what you have currently. There seems to be a hesitation to raising CD rates above current levels, as it feels like rates have hit the ceiling for this cycle. High yield savings and money market rates are somewhat lower than CD rates, as depositors still value liquidity and the ability to withdraw at any time. In this environment, if you can tread water and maintain existing levels, that should be considered a win.

The Regulatory Environment

The heightened regulatory environment is challenging if you are going through an exam now, or face one in the near future. The focus has been almost solely on the liability side of the balance sheet, in terms of liquidity, deposit migration and borrowing concentration.

In a tight liquidity environment in which deposits are leaving community financial institutions for online banks, equities, and the Treasury market, maintaining deposits, even if in higher costs CDs, would seem like a positive outcome. However, we have seen that the ability to save outflowing non-maturity deposits through higher yielding CDs actually seems to be viewed in a negative light given the cost differential. If you are being examined now, the issue seems largely a

timing problem, in that the regulators are doing the calculations right after a historically rapid migration from NMDs to CDs and projecting that activity forward with the assumption that recent activity will be replicated indefinitely. In this case, the math is correct, but the assumption likely is not; as with many assumptions made in the process of risk management, what happened in the past may or may not be a reliable indicator of future activity.

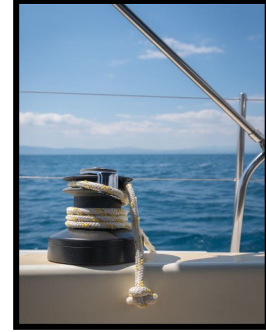
If you are faced with this situation, the challenge is to try to plead your case that the migration to CDs is a short-lived event, however, you likely have little hard evidence to substantiate your claim. To avoid this, attempting to keep balances in non-maturity accounts largely relies on either a high-yield savings or money market account, coupled with proactive management of large balance accounts, a strong nerve and maybe some luck. If you overdo the rate on the MMDA, cannibalization could destroy your margins, but the alternative is a rising borrowing concentration at rates higher than CD specials plus potential regulatory challenges. A detailed analysis of your current deposit base is step one, to determine what your potential risk is before a significant rate change. Consider the following hypothetical savings account:

- $100 million total account balance with a rate of 0.10%
- $30 million of the total has a balance > $100K, with an additional $5 million > $250K
- The remaining $65 million has balances <$100K

In this admittedly simplistic single account example, creating a $100K tier at 3.50% would immediately increase the cost of funds by about $1.2 million (paying an extra 3.4% on $35 million). However, if the tier is drawn at $250K, the impact is far less, as only $5 million immediately jumps to 3.50%. In addition, this may entice depositors with less than $250K to bring in additional money. This higher rate account would also provide a competitive alternative to a 5% CD, and likely some depositors would opt for the lower yielding account due to the enhanced liquidity profile.

Quick Update on Funding

One way to take advantage of the inverted yield curve is to extend funding. However, bullet advances still seem expensive, especially if you believe that the Fed will start to ease in mid-2024 and a slowing economy may bring back some deposits. The more attractive alternative currently is callable advances, which offer a lower rate in exchange for 'selling' the option to the FHLB of calling the advance early. When used conservatively (generally with final maturities under 5 years) they can be an effective tool to boost margins by shifting overnight funding to term while saving 100 basis points or more. Many may remember years past when these were popular and extension into 10-year final maturities was common. Frequently the outcome



was ending up stuck with advances that were not called when rates fell. In the current cycle, maturities greater than 5 years are not nearly as common, which limits the extension risk significantly, but does not eliminate it. For clients rolling 3 or 6 month callable advances, it is highly likely that at some point you will get stuck with one of these, but the shorter maturities will minimize the risk. ◆

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