Capital Markets Group

Weekly Review—September 18, 2025

At yesterday's Fed meeting, policy makers lowered overnight benchmark rates 25bps to a target range of 4%-4.25% citing that "downside risks to employment have risen." In their post-meeting statement, the Committee noted that "job gains have slowed, and the unemployment rate has edged up but remains low." This week's policy action came as expected.

Based on their updated longer-term central tendency forecast - Survey of Economic Projections (SEP), policy makers expect economic growth to remain at or below 2% through 2028, unemployment to increase to 4.5% by year end and inflation to remain above target through 2028. As for benchmark rates, their median fed fund rate forecast falls in that 2.75%-3.50% range – approximately 125bps lower than today's low 4% level. When asked at the post-meeting press conference about these updated projections, Fed Chairman Powell said their forecasts do not represent a plan and said policy "is not on a pre-set course." Powell stated that this week's quarter point rate cut should be considered a "risk management" cut and not linked to a renewed cycle of easing.

The fact that the Fed lowered rates and are signaling more cuts to come when inflation "has moved up and remains somewhat elevated" shows a committed shift in their policy focus away from inflation towards maximum employment. As such, future policy action will likely be labor market data dependent.

The next FOMC meeting is scheduled for October 29 at which the futures market expects (with a 93% probability) another rate cut.

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount ($)	Description	Maturity
09/23/2025	$128,000,000	Platte County Park Hill School District, MO GO	2029-2045
09/23/2025	$19,430,000	Goddard KS GO Temp Notes Ser 4	2029
09/23/2025	$19,115,000	Goddard KS GO Temp Notes Ser 3	2029
09/23/2025	$1,110,000	Clearwater KS GO Temp Notes BQ	2028

Economic Release	Data Period	Date	Survey	Actual	Prior
Empire Manufacturing	Sep	09/15/2025	5.0	-8.7	11.9
Retail Sales Advance MoM	Aug	09/16/2025	0.2%	0.6%	0.6% (rev up)
Industrial Production MoM	Aug	09/16/2025	-0.1%	0.1%	-0.4% (rev down)
MBA Mortgage Applications	Sep 12	09/17/2025	NA	29.7%	9.2%
Housing Starts	Aug	09/17/2025	1,365k	1,307k	1,429k (rev up)
Building Permits	Aug (P)	09/17/2025	1,370k	1,312k	1,362k
FOMC Rate Decision (Upper)	Sep 17	09/17/2025	4.25%	4.25%	4.50%
Initial Jobless Claims	Sep 13	09/18/2025	240k	231k	264k (rev up)
Continuing Claims	Sep 6	09/18/2025	1,950k	1,920k	1,927k (rev down)
Leading Index	Aug	09/18/2025	-0.2%	-0.5%	0.1% (rev up)

KEY INDICES

	Current	Last Month	One Year Ago
Prime Rate	7.25	7.50	8.50
Discount Rate	4.25	4.50	5.50
Fed Funds Rate	4.08	4.33	5.33
Interest on Reserve Bal.	4.15	4.40	5.40
SOFR	4.13	4.36	5.38
11th Dist COFI (ECOFC)	2.97	2.97	3.27
1-Yr. CMT	3.61	3.93	3.99
Dow	46,142.24	44,911.82	41,503.10
NASDAQ	22,470.73	21,629.77	17,573.30
S&P 500	6,631.95	6,449.15	5,618.26
Bond Buyer	4.94	5.20	3.83

MUNI AA—BQ

3 Mo.	1.99
6 Mo.	2.08
1-Year	2.15
2-Year	2.03
3-Year	2.03
5-Year	2.17
7-Year	2.53
10-Year	2.97
30-Year	4.41

CMO Spreads to Treasuries

	PAC	Vanilla
1-Year	N/A	+45
2-Year	60	65
3-Year	75	85
5-Year	95	105

MBS Current Coupon Yields

GNMA 30 Yr.	5.04%
FNMA 30 Yr.	5.08%
FNMA 15 Yr.	4.40%

Treasuries & New Issue Agencies *(Spread to Treasuries)*

	3 Mo.	6 Mo.	1-Yr.	2-Yr.	3-Yr.	5-Yr.	7-Yr	10-Yr	20-Yr	30-Yr
Treasuries	3.96	3.83	3.62	3.58	3.56	3.68	3.87	4.12	4.70	4.74
Bullets				2	2	1	11	17		
NC-6 Mo.				27	40	50	52	53		
NC-1 Year				8	25	35	38	40		
NC-2 Year					-5	10	15	20		

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