



Weekly Review—January 24, 2025

With no major economic data to peruse, bond market yields are little changed even as the new Administration takes the helm. The two-year Treasury yield nominally increased to 4.25% while the 10-year yield held steady at 4.62%. This week's stability in investment rates runs counter to the narrative that the new Administration's policies could put added pressure on the national debt as well as launch a trade war – both leading to higher inflation. Thus, causing interest rates to increase at some point. We'll have to see how this plays out...

While treasury yields are little changed on the week, the shape of the treasury curve continues its twisting ways. In the last two months, yields on the short end of the curve have fallen 25bps (driven by Fed action) while longer-term yields are up nearly the same. Yields at the 3-year spot on the curve are little changed. This twisting effect illustrates that although the front end of the curve is hitched to monetary policy, investors which largely control the back end of the curve are more concerned about upside inflation than downside growth.

Looking ahead – Policy makers are expected to keep benchmark rates steady in a range of 4.25%–4.50% at next week's meeting. Assuming they hold rates steady, this marks the first pause since they began cutting rates last September. In terms of inflation, the Fed's preferred metric – core PCE YoY – is expected to remain at 2.8% – above the Fed's 2% target.

Please feel free to reach out to us with any capital market-related questions.

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
01/29/2025	\$8,060,000	Chillicothe MO COPs	2026-2050

Economic Release	Data Period	Date	Survey	Actual	Prior
MBA Mortgage Applications	Jan 17	01/22/2025	NA	0.1%	33.3%
Leading Index	Dec	01/22/2025	-0.1%	-0.1%	0.4% (rev up)
Initial Jobless Claims	Jan 18	01/23/2025	220k	223k	217k
Continuing Claims	Jan 11	01/23/2025	1,866k	1,899k	1,853k
S&P Global US Manufact. PMI	Jan (P)	01/24/2025	49.8	50.1	49.4
S&P Global US Services PMI	Jan (P)	01/24/2025	56.5	52.8	56.8
S&P Global US Composite PMI	Jan (P)	01/24/2025	55.6	52.4	55.4
U. of Mich. Sentiment	Jan (F)	01/24/2025	73.2	71.1	73.2
U. of Mich. 1 Yr Inflation	Jan (F)	01/24/2025	3.2%	3.3%	3.3%
Existing Home Sales	Dec	01/24/2025	4.20m	4.24m	4.15m

KEY INDICES				MUNI AA—BQ		CMO Spreads to Treasuries		
	Current	Last Month	One Year Ago				PAC	Vanilla
Prime Rate	7.50	7.50	8.50	3 Mo.	2.24	1-Year	N/A	+45
Discount Rate	4.50	4.50	5.50	6 Mo.	2.33	2-Year	55	65
Fed Funds Rate	4.33	4.33	5.33	1-Year	2.75	3-Year	75	85
Interest on Reserve Bal.	4.40	4.40	5.40	2-Year	2.77	5-Year	95	105
SOFR	4.35	4.31	5.31	3-Year	2.81	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	3.04	3.11	3.12	5-Year	2.88	GNMA 30 Yr.	5.75%	
1-Yr. CMT	4.17	4.26	4.81	7-Year	2.97	FNMA 30 Yr.	5.82%	
Dow	44,424.25	43,297.03	37,806.39	10-Year	3.18	FNMA 15 Yr.	5.06%	
NASDAQ	19,954.30	20,031.13	15,481.92	30-Year	4.24			
S&P 500	6,101.24	6,040.04	4,868.55					
Bond Buyer	4.19	4.10	3.43					

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	4.31	4.28	4.16	4.27	4.34	4.44	4.55	4.65	4.94	4.87
Bullets				1	1	2	10	19		
NC-6 Mo.				22	38	60	75	85		
NC-1 Year				10	28	48	63	78		
NC-2 Year					6	27	43	60		

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