



Weekly Review—February 14, 2025

Happy Valentine's Day! Love is in the air and moving around the world with alacrity! Maybe. When I was a young man, I loved this holiday. I am a romantic guy deep down, often letting my heart lead which can go well or feel like I fell in a well! In fourth grade I gave my special lady friend a ring with her first initial on it. In fifth grade, I gave my next special lady friend a necklace. I was caught up in love fueled by consumerism! Alas, those gifts did not ensure a lifetime of love, but those young women turned out to be fantastic examples for us all and much better off with their husbands they met later in life – and I happen to meet the love of my life, and it all worked out like a storybook ending.

The US consumer took a slight vacation from spending as Retail Sales for the month of January dipped -0.9%, much more than the expected -0.2%. Did Dry January extend to shopping in general? Maybe. It likely represents the wait-and-see attitude that has permeated economics. We wait to see how the economic policies of the Trump administration will play out. We wait to see if inflation will really begin to decrease back to 2%. We wait to see how long we can afford the lifestyles we love to live! While recession in the near term does not appear likely, we might begin to see slowdowns in certain sectors like we did the last time we expected a recession.

I read an article this morning on Torsten Slok called *How Torsten Slok Solved a 'Sherlock Holmes' Economic Mystery* by Ben Steverman which is included in the February/March issue of Bloomberg Markets. I will let you discover the "mystery" Mr. Slok solved, but one of the main takeaways is the economic models we learned about in school do not help us much other than providing a framework. Economics has been referred to as the "dismal science." Like economics itself, this applies to many different fields of study. Dismal because those of us that try and interpret and guess what might be coming are wrong more often than we are correct. Dismal because resources are limited, and they just transfer between parties without benefiting everyone. Dismal because most economists are pessimistic by nature?

No matter how bleak economics can appear, it is a fascinating field of study and one I fell in love with a long time ago. After the release of Retail Sales, it seems I might have to get out there and start buying gifts for my very special lady friend – my wife – to contribute to a steady economy. Maybe.

Have a great weekend!

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
		There are no new issues scheduled for next week.	

Economic Release	Data Period	Date	Survey	Actual	Prior
MBA Mortgage Applications	Feb 7	02/12/2025	NA	2.3%	2.2%
CPI MoM	Jan	02/12/2025	0.3%	0.5%	0.4%
CPI YoY	Jan	02/12/2025	2.9%	3.0%	2.9%
Federal Budget Balance	Jan	02/12/2025	-\$94.8b	-\$128.6b	-\$21.9b
PPI Final Demand MoM	Jan	02/13/2025	0.3%	0.4%	0.5% (rev up)
PPI Final Demand YoY	Jan	02/13/2025	3.3%	3.5%	3.5% (rev up)
Initial Jobless Claims	Feb 8	02/13/2025	216k	213k	220k (rev up)
Continuing Claims	Feb 1	02/13/2025	1,882k	1,850k	1,886k
Retail Sales Advance MoM	Jan	02/14/2025	-0.2%	-0.9%	0.7% (rev up)
Import Price Index MoM	Jan	02/14/2025	0.4%	0.3	0.2% (rev up)

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.	2.20	1-Year	N/A	+45
Discount Rate	4.50	4.50	5.50	6 Mo.	2.27	2-Year	55	65
Fed Funds Rate	4.33	4.33	5.33	1-Year	2.71	3-Year	75	85
Interest on Reserve Bal.	4.40	4.40	5.40	2-Year	2.73	5-Year	100	110
SOFR	4.33	4.29	5.31	3-Year	2.77	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	2.99	3.04	3.13	5-Year	2.83	GNMA 30 Yr.	5.61%	
1-Yr. CMT	4.23	4.24	4.99	7-Year	2.95	FNMA 30 Yr.	5.67%	
Dow	44,546.08	42,518.28	38,424.27	10-Year	3.16	FNMA 15 Yr.	4.96%	
NASDAQ	20,026.77	19,044.39	15,859.15	30-Year	4.27			
S&P 500	6,114.63	5,842.91	5,000.62					
Bond Buyer	4.25	4.16	3.54					

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	4.20	4.03	4.24	4.25	4.30	4.37	4.45	4.72	4.66
Bullets				1	2	3	14	19		
NC-6 Mo.				20	42	65	76	82		
NC-1 Year				15	32	52	65	79		
NC-2 Year					10	32	46	63		

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