



Weekly Review—February 21, 2025

Evidenced in this week’s Fedspeak, policy makers must have read last week’s Weekly Commentary as the Fed’s messaging echoed Mr. Maggii’s “wait and see” narrative. Below please find an overview of recent forward guidance:

Atlanta Fed President Bostic – FOMC non-voting member considered “neutral”

In a news briefing – The Atlanta Fed President anticipates the while the Fed expects to lower benchmark rates in 2025, uncertainty around that projection has risen. He told reporters that “while that’s my baseline expectation, there’s a lot that is going to happen than could influence that really in both directions.” He believes that some of the new Administration’s policies could boost inflation while others might spur investment. As such, he’s comfortable with “taking a pause to wait and see how the economy’s evolving and then use that information to guide what our policy should look like over the next several months.”

St. Louis Fed President Musalem – FOMC voting member considered “hawkish”

Speaking in New York – He said that “various changes in trade, immigration, regulatory, fiscal and energy policies, or other changes in the economic environment, could materially affect the path of the economy.” As such, his baseline forecast is that “monetary policy remains modestly restrictive until inflation convergence is assured, at which point the policy rate can be gradually reduced toward the neutral level.”

San Francisco Fed President Daly – FOMC non-voting member considered “neutral”

Speaking in Phoenix – Daly told reporters that “at this point, policy needs to remain restrictive until, from my vantage point, until I see that we are really continuing to make progress on inflation.” She believes that policy makers should take their time in assessing the impact of the new Administration’s policies before adjusting monetary policy. When asked about the risk to the economy by waiting for better clarity, she responded “even though there’s a lot of uncertainty and even though we’re not making a move right now, uncertainty is not paralysis. We’re still actively investigating the data, thinking about where we’re heading. We just don’t have the answer right now.”

Fed Governor Waller – FOMC voting member considered “hawkish”

Speaking in Sydney – Waller stated that although current data does not support a reduction in the policy rate at this time, he believes that additional rate cuts would be “appropriate at some point this year assuming 2025 plays out like 2024.” When asked about the possibility of policy paralysis, Waller’s response differed from Fed President Daly’s (explained above). Although Waller acknowledged the new Administration’s policies had introduced a degree of uncertainty, he cautioned against allowing that to delay the Fed’s response to economic data. “We need to act based on incoming data even when facing great uncertainty about the economic landscape,” he said. “Waiting for economic uncertainty to dissipate is a recipe for policy paralysis.”

The next policy meeting is scheduled for March 19th.

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
02/24/2025	\$16,000,000	Edwardsville, KS GO	2028
02/25/2025	\$5,630,000	Pittsburg, KS Taxable GO	2026 - 2035
02/25/2025	\$10,200,000	Independence KS Taxable GO	2025 - 2029
02/26/2025	\$275,530,000	Springfield MO Multiple Utility COP	2028 - 2047
02/27/2025	\$88.375,000	Wyandotte County//Kansas City KS GO	2026 - 2045

Economic Release	Data Period	Date	Survey	Actual	Prior
Empire Manufacturing	Feb	02/18/2025	0.0	5.7	-12.6
MBA Mortgage Applications	Feb 14	02/19/2025	NA	-6.6%	2.3%
Housing Starts	Jan	02/19/2025	1,390k	1,366k	1,515k (rev up)
Building Permits	Jan (P)	02/19/2025	1,460k	1,483k	1,482k
Initial Jobless Claims	Feb 15	02/20/2025	215k	219k	214k (rev up)
Continuing Claims	Feb 8	02/20/2025	1,868k	1,869k	1,845k (rev down)
Leading Index	Jan	02/20/2025	-0.1%	-0.3%	0.1% (rev up)
S&P Global US Composite PMI	Feb (P)	02/21/2025	53.2	50.4	52.7
U. of Mich. Sentiment	Feb (F)	02/21/2025	67.8	64.7	67.8
Existing Home Sales	Jan	02/21/2025	4.13m	4.08m	4.29m (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.	2.16	1-Year	N/A	+45
Discount Rate	4.50	4.50	5.50	6 Mo.	2.23	2-Year	55	65
Fed Funds Rate	4.33	4.33	5.33	1-Year	2.67	3-Year	75	85
Interest on Reserve Bal.	4.40	4.40	5.40	2-Year	2.69	5-Year	100	107
SOFR	4.33	4.29	5.30	3-Year	2.73	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	2.99	3.04	3.13	5-Year	2.78	GNMA 30 Yr.	5.51%	
1-Yr. CMT	4.15	4.21	4.97	7-Year	2.89	FNMA 30 Yr.	5.60%	
Dow	43,428.02	44,025.81	38,612.24	10-Year	3.11	FNMA 15 Yr.	4.89%	
NASDAQ	19,524.01	19,756.78	15,580.87	30-Year	4.23			
S&P 500	6,013.13	6,049.24	4,981.80					
Bond Buyer	4.25	4.28	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	4.30	4.34	4.18	4.24	4.24	4.30	4.38	4.45	4.72	4.69
Bullets				1	2	3	13	19		
NC-6 Mo.				22	45	66	80	86		
NC-1 Year				17	33	55	68	82		
NC-2 Year					10	35	50	65		

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