Capital Markets Group

Weekly Review—March 28, 2025

Although the threat of further tariff escalation as well as their potential impact is of concern, investor focus this week was largely on inflation and the economic outlook. Here's the run-down…

The Fed's preferred inflation metric — Core Personal Consumption Expenditures (PCE) — rose 0.4% in February marking its largest monthly increase in over twelve months. On an annualized basis, core PCE increased 2.8% - remaining well above the Fed's 2% target. Both prints exceeded street estimates and were stronger than January's price increases. This round of stronger-than-expected inflation data supported the Fed's upward revisions to their year-end inflation forecast found in last week's release of their quarterly Summary of Economic Projections. As you may already know, Fed officials left interest rates unchanged at last week's FOMC meeting. Policymakers believe that borrowing rates are well positioned buying them time to wait for greater clarity on the economic impact of the new Administration's policy changes. Fed Chair Powell stated that the economy remains strong, and the labor market is solid despite elevated uncertainty. He also said that any tariff-induced inflation is likely to be short-lived – he dared to use the term "transitory!" St. Louis Fed President Musalem, however, said this week that policymakers should be cautious in thinking that inflation would be entirely transitory. After all, history has shown the Fed's ability to accurately determine if something is transitory!! *hahagigglegigglesnicker*

Even though this week's inflation data doesn't necessarily indicate an urgent need for the Fed to cut rates, many investors are still thinking that economic activity will deteriorate later this year – largely driven by reduced consumer spending due to a weakening labor market and continued high prices. If not careful, the Fed's current "wait-and-see" policy stance could force them to take a more aggressive policy response down the road.

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount ($)	Description	Maturity
04/01/2025	$28,575,000	City of Lawrence, KS GO	2026-2045
04/01/2025	$73,220,000	City of Lawrence, KS GO Temp Notes	2026

Economic Release	Data Period	Date	Survey	Actual	Prior
S&P Global US Manufacturing PMI	Mar	3/24/2025	51.7	49.8	52.7
New Homes Sales	Feb	3/25/2025	680k	676k	664k (rev up)
Consumer Confidence	Mar	3/25/2025	94.0	92.9	100.1 (rev up)
MBA Mortgage Applications	Mar 21	3/26/2025	NA	-2.0%	-6.2%
Durable Goods Orders	Feb	3/26/2025	-1.0%	0.9%	3.3% (rev up)
GDP Annualized QoQ	4q	3/27/2025	2.3%	2.4%	2.3%
Wholesale Inventories MoM	Feb	3/27/2025	0.7%	0.3%	0.8%
Initial Jobless Claims	Mar 22	3/27/2025	225k	224k	225k (rev up)
Personal Income	Feb	3/28/2025	0.4%	0.8%	0.7% (rev down)
Personal Spending	Feb	3/28/2025	0.5%	0.4%	-0.3% (rev down)

KEY INDICES

	Current	Last Month	One Year Ago
Prime Rate	7.50	7.50	8.50
Discount Rate	4.50	4.50	5.50
Fed Funds Rate	4.33	4.33	5,33
Interest on Reserve Bal.	4.40	4.40	5.40
SOFR	4.36	4.36	5.33
11th Dist COFI (ECOFC)	1.86	2.99	3.15
1-Yr. CMT	4.04	4.13	4.99
Dow	41,583.90	43,840.91	39,807.37
NASDAQ	17,322.99	18,847.28	16,379.46
S&P 500	5,580.94	5,954.50	5,254.35
Bond Buyer	4.30	4.25	3.55

MUNI AA—BQ

3 Mo.	2.18
6 Mo.	2.25
1-Year	2.69
2-Year	2.78
3-Year	2.83
5-Year	2.97
7-Year	3.13
10-Year	3.43
30-Year	4.53

CMO Spreads to Treasuries

	PAC	Vanilla
1-Year	N/A	+45
2-Year	55	65
3-Year	75	85
5-Year	100	110

MBS Current Coupon Yields

GNMA 30 Yr.	5.41%
FNMA 30 Yr.	5.49%
FNMA 15 Yr.	4.73%

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	4.28	4.22	4.05	3.92	3.91	4.00	4.13	4.27	4.65	4.63
Bullets				3	3	3	15	23		
NC-6 Mo.				47	55	79	95	99		
NC-1 Year				25	42	60	67	78		
NC-2 Year					10	35	45	65		