



Economic Outlook

While short rates remain hitched to Fed policy, intermediate and longer-term treasury yields are up as much as 35bps this month. In terms of the long-bond, the 30-year treasury yield hit 5.15% this week – a level not seen in nearly twenty years. While investors are increasing concerned not only about the impact of trade policy disruptions but also the long-term sustainability of current fiscal policy, the recent steepening of the yield curve could also be reflective of the market's growing stagflation anxiety. *For those needing a refresher, stagflation – i.e., high inflation with elevated unemployment and slow economic growth – challenges the effectiveness of monetary policy since actions designed to lower inflation may exacerbate unemployment and growth, and vice versa.* JPMorgan Chase & Co. CEO Dimon earlier this week said stagflation can't be ruled out as the U.S. grapples with huge risks from geopolitics, deficits and price pressures. Stay tuned...

Misery Index

The Misery Index is the mathematical sum of the unemployment rate (headline U-3) plus the inflation rate (CPI – YoY). Since stagflation leads to an increase in both unemployment and inflation, a high misery index can help determine when the economy is in a period of economic stagflation. At 6.5%, the current index remains below its five-year average of 8.8% and well off its 2022 peak of 12.2% – which was driven by the pandemic-induced supply-side shock which resulted in high inflation. When compared to the late '70's historic high of 22%, today's 6.5% index is of little concern.

Bond Portfolio Run-off – Stay Invested

Current investment rates continue to be a buying opportunity. For those institutions with slowing loan demand, consider putting your excess liquidity to work versus keeping it all in overnight/FFS. For those with bond portfolio run-off, replacing 2%-3% run-off yields with 4%-5% (depending on structure) yields will increase portfolio earnings.

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
		There are no new issues scheduled next week.	

Economic Release	Data Period	Date	Survey	Actual	Prior
Leading Index	Apr	05/19/2025	-1.0%	-1.0%	-0.8% (rev down)
MBA Mortgage Applications	May 16	05/21/2025	NA	-5.1%	-1.1%
Chicago Fed Nat Activity Index	Apr	05/22/2025	-0.25	-0.25	0.03 (rev up)
Initial Jobless Claims	May 17	05/22/2025	230k	227k	229k
Continuing Claims	May 10	05/22/2025	1,882k	1,903k	1,867k (rev down)
S&P Global US Manfact. PMI	May (P)	05/22/2025	49.9	52.3	50.2
S&P Global US Services PMI	May (P)	05/22/2025	51.0	52.3	50.8
S&P Global US Composite PMI	May (P)	05/22/2025	50.3	52.1	50.6
Existing Home Sales	Apr	05/22/2025	4.10m	4.00m	4.02m
New Home Sales	Apr	05/23/2025	695k	743k	670k (rev down)

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.	2.37	1-Year	N/A	+50
Discount Rate	4.50	4.50	5.50	6 Mo.	2.46	2-Year	65	70
Fed Funds Rate	4.33	4.33	5.33	1-Year	2.88	3-Year	85	95
Interest on Reserve Bal.	4.40	4.40	5.40	2-Year	2.89	5-Year	115	125
SOFR	4.26	4.30	5.31	3-Year	2.90	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	2.93	2.94	3.16	5-Year	2.96	GNMA 30 Yr.	5.80%	
1-Yr. CMT	4.15	3.98	5.16	7-Year	3.15	FNMA 30 Yr.	5.84%	
Dow	41,603.04	39,606.57	39,065.26	10-Year	3.47	FNMA 15 Yr.	5.03%	
NASDAQ	18,737.21	16,708.05	16,736.03	30-Year	4.76			
S&P 500	5,802.82	5,375.86	5,267.84					
Bond Buyer	5.27	5.20	4.00					

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	4.33	4.29	4.11	3.96	3.93	4.06	4.28	4.51	5.05	5.04
Bullets				1	2	3	13	22		
NC-6 Mo.				45	65	78	80	88		
NC-1 Year				15	37	55	60	68		
NC-2 Year					0	20	30	40		

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