



Weekly Review—August 1, 2025

Roller Coaster! (The Ohio Players) Between the most recent tariff announcements and the very underwhelming July Jobs report, we are riding the roller coaster as we close out summer vacations! The Aug 1st trade talk deadline arrived but not before President Trump announced some larger than expected tariffs on some additional trade partners. While not quite the level of “Liberation Day” back in April, the declaration of further tariffs sent the equity markets on a downslide. Additionally, the Change in Nonfarm Payrolls for July came in at 73,000 versus the survey of 104,000 jobs added. The real surprise came from a two-month revision where 258,000 were erased from the history books. The June figures alone were reduced from 147,000 down to 14,000. That is a 90% decrease! Consequently, interest rates are falling again, and the Fed Funds futures are screaming for two cuts again before the end of 2025. Four more months...

While I expected market volatility coming into this year, eight months in, I feel like my head has been hitting the harness a little too often as the markets jerk me back and forth. The continued threats of higher tariffs are not only affecting me, but they also cause the data dependent FOMC to face the Fight, Flight, or Freeze reaction. So far, the Fed has remained Frozen and instead of fighting externally, cracks in the unity of the FOMC are starting to surface. With two votes this week for a 25bps cut from Waller and Bowman, we can see that there may be some pressure mounting within the committee to act. Coupled with today's jobs data, there may be more voting in September for rate cuts. The only problem with that is inflation continues to run above the FOMC's comfort zone.

Expect further pressure from politicians, non-voting members of the FOMC, and plenty of pundits as we wait until September 17th for the next episode of Will We or Won't We, starring the cast of the FOMC. Until then, continue to look for opportunities to lock in decent yields before the rate cuts start. Current Fed Funds Futures expect three cuts in 2026. If that happens, current 4% yields will be 3% yields by 4th quarter next year.

To help anyone else with the erratic nature of the markets, try out these tunes over the weekend, which may be a little cooler:

Lovely Day by Bill Withers
 The Distance by Cake
 Don't Give Up by Peter Gabriel (featuring Kate Bush)
 Never Stop by The Brand New Heavies
 No Ordinary Love by Sade
 And if you just need to get some aggression out...One Step Closer by Linkin Park

Have a great weekend!

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
08/04/2025	\$16,365,000	Dodge City, KS GO	2026-2045
08/04/2025	\$1,500,000	Dodge City, KS GO Temp Notes	2028
08/04/2025	\$3,655,000	Lake Quivira, KS GO BQ	2026-2040
08/04/2025	\$14,375,000	Maize, KS GO	2027-2046

Economic Release	Data Period	Date	Survey	Actual	Prior
Wholesale Inventories MoM	Jun (P)	07/29/2025	-0.1%	0.2%	-0.3%
Conf. Board Consumer Confid.	Jul	07/29/2025	96.0	97.2	95.2 (rev up)
MBA Mortgage Applications	Jul 25	07/30/2025	NA	-3.8%	0.8%
ADP Employment Change	Jul	07/30/2025	76k	104k	-23k (rev up)
GDP Annualized QoQ	2Q (A)	07/30/2025	2.6%	3.0%	-0.5%
FOMC Rate Decision (Upper)	Jul 30	07/30/2025	4.50%	4.50%	4.50%
Personal Income	Jun	07/31/2025	0.4%	0.3%	0.0% (rev up)
Core PCE Price Index YoY	Jun	07/31/2025	2.7%	2.8%	2.8% (rev up)
Change in Nonfarm Payrolls	Jul	08/01/2025	104k	73k	14k (rev down)
Unemployment Rate	Jul	08/01/2025	4.2%	4.2%	4.1%

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.	1.91	1-Year	N/A	+50
Discount Rate	4.50	4.50	5.50	6 Mo.	2.00	2-Year	65	70
Fed Funds Rate	4.33	4.33	5.33	1-Year	2.42	3-Year	85	95
Interest on Reserve Bal.	4.40	4.40	5.40	2-Year	2.42	5-Year	105	115
SOFR	4.39	4.45	5.38	3-Year	2.44	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	2.95	2.93	3.24	5-Year	2.57	GNMA 30 Yr.	5.36%	
1-Yr. CMT	3.87	3.96	4.73	7-Year	2.93	FNMA 30 Yr.	5.39%	
Dow	43,588.58	44,494.94	40,347.97	10-Year	3.43	FNMA 15 Yr.	4.61%	
NASDAQ	20,650.13	20,202.89	17,194.14	30-Year	4.89			
S&P 500	6,238.01	6,198.01	5,446.68					
Bond Buyer	5.29	5.20	3.94					

Treasuries & New Issue Agencies <i>(Spread to Treasuries)</i>										
	3 Mo.	6 Mo.	1-Yr.	2-Yr.	3-Yr.	5-Yr.	7-Yr	10-Yr	20-Yr	30-Yr
Treasuries	4.28	4.14	3.89	3.74	3.71	3.80	4.00	4.24	4.80	4.82
Bullets				2	2	0	13	16		
NC-6 Mo.				40	58	70	75	79		
NC-1 Year				16	37	54	56	61		
NC-2 Year					2	22	29	39		

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