



Weekly Review—August 15, 2025

I have always been more mature than my age (ok, mostly). I hung out with older kids growing up. I preferred to be around adults. Sometimes it was for the better, sometimes for the worse. As I reached my forties, my body began to signal a type of maturation I would rather have delayed. Strange pains, uncontrollable flatulence, and a slower pace of walking or running. When I reached my fifties, a weakness began to creep into my days. Sure, I exercise, try to eat food that is good for me, drink less alcohol, but a slow deterioration (mortality) is beginning to take a stronger hold than I would like. This is how I see the US economy right now. While it remains a mature economy and usually strong compared to most global economies, it is beginning to slow down. Show signs of weakness. I do not think it is on the verge of death (me neither!), but it may be nearing a course correction.

We started the month with weaker employment data, now we are seeing more increases in inflation measures. CPI Core YoY increased to 3.1% from 2.9%. PPI Final Demand YoY was 3.3% up from a revised 2.4%. Initial Jobless claims are steady at 224,000 for the week ending August 9th; however, the continuing claims remain at a slightly elevated level (1,953,000) compared to earlier this year. Retail Sales Advance MoM for the month of July were weaker than expected, 0.5% compared to expectations of 0.6%, and much lower than June's figure of 0.9%. According to the U. of Mich. Sentiment release today, the preliminary figure signals a further decrease in consumer hopes for the future – 58.6 compared to July's release of 61.7. Consumers surveyed through U. of Michigan also declared inflation expectation of 4.9% over the next year.

The excitement seen earlier in the week for a September cut by the FOMC has calmed slightly. At time of writing, there was just under a 90% chance of a cut at the meeting next month, but the expectation of two cuts of 25bps by the end of the year remains in the Fed Funds futures market. As previously stated in last week's commentary, the Fed will err on the side of the mandate of full employment versus inflation. If we see further weakness in the jobs market, expect cuts to continue. I battle with impatience. I do not like to wait for things I want to happen. So, yes, I can relate to those calling for lower interest rates. However, as I have aged, I place more importance on doing what is best and right for others – the greater good. The battle continues, both with those calling for lower rates sooner rather than later and the FOMC who would like to see more data before acting and with the battle each of us face between vitality and mortality.

Slow and low, that is the tempo (Beastie Boys). Let us keep going. Keep trying to do the best we can for the most people. Even if at a slightly slower pace than we used to.

Have a great weekend!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
08/19/2025	\$36,255,000	Topeka, KS Water & Sewer Rev	2026-2055
08/20/2025	\$3,145,000	Pleasant Hill, MO Water & Sewer Rev	2027-2055



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Economic Release	Data Period	Date	Survey	Actual	Prior
CPI MoM	Jul	08/12/2025	0.2%	0.2%	0.3%
CPI YoY	Jul	08/12/2025	2.8%	2.7%	2.7%
MBA Mortgage Applications	Aug 8	08/13/2025	NA	10.9%	3.1%
PPI Final Demand MoM	Jul	08/14/2025	0.2%	0.9%	0.0%
Initial Jobless Claims	Aug 9	08/14/2025	225k	224k	227k (rev up)
Continuing Claims	Aug 2	08/14/2025	1,967k	1,953k	1,968k (rev down)
Empire Manufacturing	Aug	08/15/2025	0.0	11.9	5.5
Retail Sales Advance	Jul	08/15/2025	0.6%	0.5%	0.9% (rev up)
Industrial Production MoM	Jul	08/15/2025	0.0%	-0.1%	0.3%
U. of Mich. Sentiment	Aug (P)	08/15/2025	62.0	58.6	61.7

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.	2.10	1-Year	N/A	+50
Discount Rate	4.50	4.50	5.50	6 Mo.	2.19	2-Year	62	67
Fed Funds Rate	4.33	4.33	5.33	1-Year	2.26	3-Year	83	93
Interest on Reserve Bal.	4.40	4.40	5.40	2-Year	2.28	5-Year	102	112
SOFR	4.34	4.33	5.33	3-Year	2.29	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	2.95	2.93	3.24	5-Year	2.45	GNMA 30 Yr.	5.37%	
1-Yr. CMT	3.91	4.08	4.42	7-Year	2.83	FNMA 30 Yr.	5.42%	
Dow	44,946.12	44,023.29	40,563.06	10-Year	3.33	FNMA 15 Yr.	4.65%	
NASDAQ	21,622.98	20,677.80	17,594.50	30-Year	4.80			
S&P 500	6,449.80	6,243.76	5,543.22					
Bond Buyer	5.21	5.21	3.88					

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	4.20	4.06	3.88	3.72	3.69	3.81	4.03	4.30	4.88	4.90
Bullets				2	3	2	12	20		
NC-6 Mo.				37	50	60	65	60		
NC-1 Year				16	30	45	45	50		
NC-2 Year					3	18	23	35		

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