



Weekly Review—August 22, 2025

As explained in my last weekly write-up, the Fed is in a conundrum in terms of achieving their Congressional dual mandate of administering monetary policy to foster maximum employment and stable prices. Evidenced in recent economic data, annualized economic growth for the first half of this year slowed significantly and is not expected to pick back up – based on the most recent Bloomberg survey of top Economists. Job growth has lost momentum as the recent three-month average job gains (of 35k) fell significantly below last year's 166k monthly average. The unemployment rate continues trending upward. *So much for maximum employment!* On the inflation front, prices remain above-target and are trending upward, not downward. *The Fed appears to have lost the upper hand in terms of regaining price stability.* That said, the economy continues its flirtatious relationship with stagflation – an economic nightmare characterized by rising unemployment, elevated/high inflation and stagnant economic growth.

This week's market focus centered on how Fed policy makers plan to address current economic conditions. Speaking at the Fed's annual Jackson Hole symposium, Fed Chairman Powell stated, "with policy in restrictive territory, the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance." While many market participants see this as the Fed's way of opening the door for a possible rate cut as early as next month, I'm not convinced! His comments are simply stating the obvious as policy makers remain mostly data dependent. Even though July's employment report showed signs of material weakness, Powell's comments on labor market conditions fell short of signaling the need for an immediate policy response. If August's employment data misses to the upside, policy makers will likely hold rates steady at their September policy meeting. If August's employment data shows continued labor market stress, expect a cut. For those keeping score, the Fed has left benchmark rates unchanged at a range of 4.25% to 4.50% at all five of this year's policy meetings.

Dennis Zimmerman Jr.
Senior Vice President
Senior Manager – Asset/Liability Services
Commerce Bank – Capital Markets Group (CMG)



NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
08/27/2025	\$60,000,000	Kansas City School District, MO GO	2026–2045
08/27/2025	\$1,315,000	City of Rose Hill, KS GO BQ	2027–2046
08/27/2025	\$685,000	City of Rose Hill, KS GO BQ Temp Notes	2028
08/28/2025	\$13,900,000	City of Hays, KS GO Series A	2026–2049
08/28/2025	\$860,000	City of Hays, KS Taxable GO Series B	2031–2035

Economic Release	Data Period	Date	Survey	Actual	Prior
Housing Starts	Jul	08/19/2025	1,297k	1,428k	1,358k (rev up)
Building Permits	Jul (P)	08/19/2025	1,386k	1,354k	1,393k
Housing Starts MoM	Jul	08/19/2025	-1.8%	5.2%	5.9% (rev up)
Building Permits MoM	Jul (P)	08/19/2025	-0.5%	-2.8%	-0.1%
MBA Mortgage Applications	Aug 15	08/20/2025	NA	-1.4%	10.9%
Initial Jobless Claims	Aug 16	08/21/2025	225k	235k	224k
Continuing Claims	Aug 9	08/21/2025	1,960k	1,972k	1,942k (rev down)
S&P Global US Manufact. PMI	Aug (P)	08/21/2025	49.7	53.3	49.8
Leading Index	Jul	08/21/2025	-0.1%	-0.1%	-0.3%
Existing Home Sales	Jul	08/21/2025	3.92m	4.01m	3.93m

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.	2.07	1-Year	N/A	+50
Discount Rate	4.50	4.50	5.50	6 Mo.	2.16	2-Year	62	67
Fed Funds Rate	4.33	4.33	5.33	1-Year	2.23	3-Year	80	90
Interest on Reserve Bal.	4.40	4.40	5.40	2-Year	2.25	5-Year	100	110
SOFR	4.32	4.28	5.31	3-Year	2.27	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	2.95	2.93	3.24	5-Year	2.43	GNMA 30 Yr.	5.28%	
1-Yr. CMT	3.87	4.06	4.36	7-Year	2.82	FNMA 30 Yr.	5.33%	
Dow	45,631.74	44,502.44	40,712.78	10-Year	3.36	FNMA 15 Yr.	4.55%	
NASDAQ	21,496.54	20,892.69	17,619.35	30-Year	4.85			
S&P 500	6,466.91	6,309.62	5,570.64					
Bond Buyer	5.25	5.30	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	4.18	4.04	3.86	3.68	3.64	3.76	3.97	4.25	4.85	4.88
Bullets				1	2	1	11	20		
NC-6 Mo.				37	52	62	65	65		
NC-1 Year				13	50	45	46	50		
NC-2 Year					0	16	23	50		

Investment suitability must be determined individually for each investor, and the securities included in this document may not be suitable for all investors. The information presented is not intended to constitute an investment recommendation or solicitation (offering) for, or advice to, any specific entity or person. By providing this information, neither Commerce Bank or any of its affiliates is undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Before making any investment, investors should read the related prospectus, term sheet or offering memorandum.

LJ Hart & Company is a wholly-owned subsidiary of Commerce Bank, and may serve as either a municipal advisor or underwriter of a particular issuance of municipal securities. Underwritten municipal securities offerings may be distributed by its affiliates, Commerce Brokerage Services Inc. and the Commerce Bank Capital Markets Group (Affiliates). In such case, LJ Hart & Company will remit a portion of the underwriting fee or a dealer concession to Affiliates as compensation for the Affiliates' distribution services.

Securities are provided through Commerce Brokerage Services, Inc (CBSI), a subsidiary of Commerce Bank, member FINRA, SIPC, and Commerce Bank Capital Markets Group (CMG), a division of Commerce Bank (the "entities"). **Investments in securities are NOT FDIC insured; NOT Bank-Guaranteed; MAY lose value.** The opinions expressed herein reflect that of the author and are not a complete analysis of every material fact respecting any company, industry, or security. The author's opinions do not necessarily reflect that of Commerce Bank or its affiliates. CDs are direct financial obligations of the issuing financial institution and are not, either directly or indirectly, an obligation of Commerce Bank. Information contained herein is from sources deemed reliable but cannot be guaranteed. Prices and/or yields are subject to change and investments are subject to availability. The entities are not acting as your Portfolio Manager, Investment Advisor or 'municipal advisor' within the meaning of Section 15b of the Securities Exchange Act and therefore do not act in a fiduciary capacity. The entities do not provide tax advice (please refer to your tax professional).