Capital Markets Group

Weekly Review—August 29, 2025

Fall classes have begun around here. We sent my oldest off to college and our youngest back to high school. The house is quieter, and the temperatures are falling – even if only temporarily. The compensatory arrival of college and pro football eases the pain of a self-proclaimed control freak setting free his first born. That is one of the biggest battles I have in life – wanting to control more than I should. I know the truth that I do not really control much; however, I still forge ahead with false confidence as if I do. This is also the battle we face as investors, leaders, people. The conflict between market participants and the FOMC continues. Each having a role to play and each thinking they have more power (control) than they really do.

The possibility of three 25-basis point cuts by the FOMC by the end of 2025 has grown this week. However, with this morning's release of the Core PCE Price Index resulting in 2.9%, elevated inflation remains. Personal Spending for July remained elevated as well. So, even with higher prices, we are still paying for services and products. This is possibly due to the steady levels of Personal Income at 0.4% for July. The outlook for the economy remains relatively rosy with the second release of 2Q GDP rising 0.2% to 3.3%. The increase came mostly from higher private investment. Initial Jobless claims remained around 230,000 for the week ending August 23rd. While the signals from the economy are mixed (aren't they always?), the most recent data releases point to a strong economy. This coupled with core inflation remaining around 3%, tells me the market participants and even some within the Federal Reserve may have a false sense of control over interest rates. As James Carville famously said," It's the economy, stupid." Excluding any political ties to the quote, we must continue to watch the US economy for clues which will cause the FOMC to lower short-term interest rates at current levels.

Control is what we want. We think we can make more of a difference if life goes the way we plan. The problem with that is there are about 8.2 billion other plans out there. Let us humble ourselves a little and try to work together for the greater good. Whether that is helping our customers, helping our communities, helping our friends and families, helping strangers, or even helping ourselves, let us loosen our grips on being in control of more than we are. Let us grip the hands of others and build strong relationships that can truly make a difference. Thank each of you for the work you do every day.

Happy Labor Day Weekend!

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount ($)	Description	Maturity
09/03/2025	$2,590,000	Kansas City Pub Building Commission, KS BQ Rev	2028

Economic Release	Data Period	Date	Survey	Actual	Prior
New Home Sales	Jul	08/25/2025	630k	652k	656k (rev up)
Durable Goods Orders	Jul (P)	08/26/2025	-3.8%	-2.8%	-9.4%
Conf. Board Consumer Confiden.	Aug	08/26/2025	96.5	97.4	98.7 (rev up)
MBA Mortgage Applications	Aug 22	08/27/2025	NA	-0.5%	-1.4%
GDP Annualized QoQ	2Q (S)	08/28/2025	3.1%	3.3%	3.0%
Initial Jobless Claims	Aug 23	08/28/2025	230k	229k	234k (rev down)
Personal Income	Jul	08/29/2025	0.4%	0.4%	0.3%
Personal Spending	Jul	08/29/2025	0.5%	0.5%	0.4% (rev up)
Core PCE Price Index YoY	Jul	08/29/2025	2.9%	2.9%	2.8%
Wholesale Inventories MoM	Jul (P)	08/29/2025	0.1%	0.2%	0.1%

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	4.34	4.36	5.35
11th Dist COFI (ECOFC)	2.95	2.93	3.24
1-Yr. CMT	3.83	4.09	4.36
Dow	45,544.88	44,632.99	41,335.05
NASDAQ	21,455.55	21,098.29	17,516.43
S&P 500	6,460.26	6,370.86	5,591.96
Bond Buyer	5.23	5.29	3.87

MUNI AA—BQ

3 Mo.	2.04
6 Mo.	2.13
1-Year	2.20
2-Year	2.22
3-Year	2.24
5-Year	2.41
7-Year	2.80
10-Year	3.34
30-Year	4.83

CMO Spreads to Treasuries

	PAC	Vanilla
1-Year	N/A	+50
2-Year	62	67
3-Year	80	90
5-Year	100	110

MBS Current Coupon Yields

GNMA 30 Yr.	5.23%
FNMA 30 Yr.	5.27%
FNMA 15 Yr.	4.47%

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	4.16	3.98	3.83	3.62	3.58	3.69	3.92	4.22	4.85	4.90
Bullets				2	2	2	11	20		
NC-6 Mo.				43	60	68	65	65		
NC-1 Year				20	37	50	50	50		
NC-2 Year					3	20	25	28		