



Weekly Review—September 4, 2025

Welcome to Thursday’s edition of this week’s Weekly Review. With the bond market pricing in two quarter point rate cuts by year end, I thought it would be beneficial to review recent comments by key policy makers. Below please find an overview of recent forward guidance:

Fed Governor Waller – FOMC voting member considered “hawkish”

In a CNBC interview – Waller stated that the Fed “needs to start cutting rates at the next meeting, and then we don’t have to go in a locked sequence of steps.” When asked about economic conditions, he believes that the Fed should get ahead of a slowdown in the jobs market “because usually when the labor market turns bad, its turns bad fast.” He confirmed that the Fed’s benchmark rate is restricting economic growth – putting pressure on the labor market.

Atlanta Fed President Bostic – FOMC non-voting member considered “neutral”

The Atlanta Fed President believes that interest rates are still “marginally restrictive” while the risks to the Fed’s dual mandate have become more balanced as the labor market has softened but isn’t deteriorating. “I believe that, while price stability remains the primary concern, the labor market is slowing enough that some easing in policy – probably on the order of 25bps– will be appropriate over the remainder of this year,” Bostic wrote in an essay released earlier this week. “That could change, depending on the trajectory of inflation and the evolution of employment markets in the coming months.” When asked about the possibility of a September rate cut, Bostic told reporters he would “be open certainly to pulling forward our movements in terms of reducing rates if the data suggests that labor markets are weakening considerably and rapidly.”

St. Louis Fed President Musalem – FOMC voting member considered “hawkish”

Speaking in Washington – St. Louis Fed President said benchmark rates are well positioned for the current economic environment as “the current modestly restrictive setting of the policy rate is consistent with today’s full-employment labor market and core inflation nearly one percentage point above the Fed’s 2% target,” He said it’s important to take a “balanced approach” to policy right now and not weight it too much to support the labor market or to fight inflation. Looking ahead, Musalem expects the “labor market to gradually cool and remain near full employment with risks tilted to the downside,”

San Francisco Fed President Daly – FOMC non-voting member considered “neutral”

In a social media post – Daly suggested policymakers will be ready to lower interest rates soon, adding that inflation stemming from tariffs will likely prove temporary. “It will soon be time to recalibrate policy to better match our economy.” She stated tariff-related price increases “will be a one off.” Although, “it will take time before we know that for certain, we can’t wait for perfect certainty without risking harm to the labor market.”

Based on the above, tomorrow’s release of the August employment data will be huge! The next policy meeting is scheduled for September 17th.

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
09/08/2025	\$8,630,000	Smithville, MO COPs	2026-2045
09/08/2025	\$4,725,000	Haysville, KS GO BQ	2027-2046
09/10/2025	\$3,235,000	Neosho County Community College KS COPs	2028-2037

Economic Release	Data Period	Date	Survey	Actual	Prior
S&P Global US Manufact. PMI	Aug (F)	09/02/2025	53.3	53.0	53.3
ISM Manufacturing	Aug	09/02/2025	49.0	48.7	48.0
Construction Spending MoM	Jul	09/02/2025	-0.1%	-0.1%	-0.4%
MBA Mortgage Applications	Aug 29	09/03/2025	NA	-1.2%	-0.5%
Factory Orders	Jul	09/03/2025	-1.3%	-1.3%	-4.8%
Durable Goods Orders	Jul (F)	09/03/2025	-2.8%	-2.8%	-2.8%
ADP Employment Change	Aug	09/04/2025	68k	54k	106k (rev up)
Initial Jobless Claims	Aug 30	09/04/2025	230k	237k	229k
Trade Balance	Jul	09/04/2025	-\$77.9b	-\$78.3b	-\$59.1b
ISM Services Index	Aug	09/04/2025	51.0	52.0	50.1

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.	2.06	1-Year	N/A	+50
Discount Rate	4.50	4.50	5.50	6 Mo.	2.15	2-Year	62	67
Fed Funds Rate	4.33	4.33	5.33	1-Year	2.22	3-Year	80	90
Interest on Reserve Bal.	4.40	4.40	5.40	2-Year	2.24	5-Year	102	112
SOFR	4.39	4.34	5.34	3-Year	2.26	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	2.97	2.95	3.27	5-Year	2.42	GNMA 30 Yr.	5.14%	
1-Yr. CMT	3.76	3.87	4.35	7-Year	2.81	FNMA 30 Yr.	5.19%	
Dow	45,621.29	44,173.64	40,974.97	10-Year	3.32	FNMA 15 Yr.	4.40%	
NASDAQ	21,707.70	21,053.58	17,084.30	30-Year	4.82			
S&P 500	6,502.08	6,329.94	5,520.07					
Bond Buyer	5.23	5.29	3.87					

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	4.10	3.96	3.75	3.59	3.55	3.65	3.88	4.18	4.81	4.87
Bullets				1	2	2	11	20		
NC-6 Mo.				44	60	70	68	67		
NC-1 Year				20	37	50	52	50		
NC-2 Year					3	20	25	29		

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