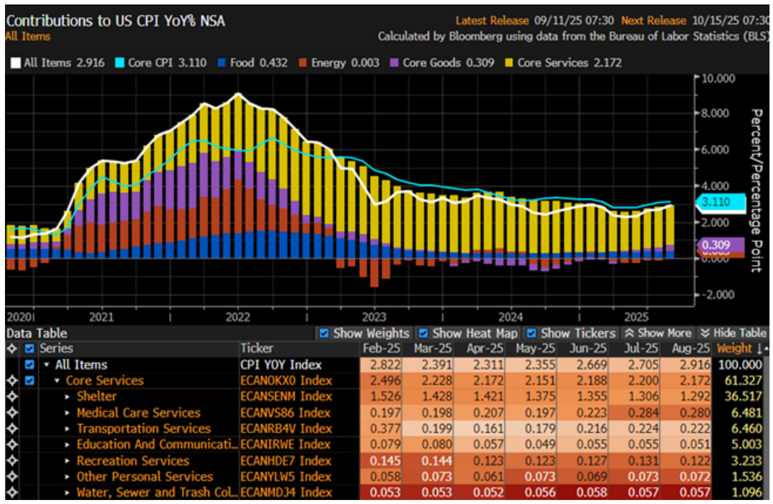
Capital Markets Group

Weekly Review—September 12, 2025

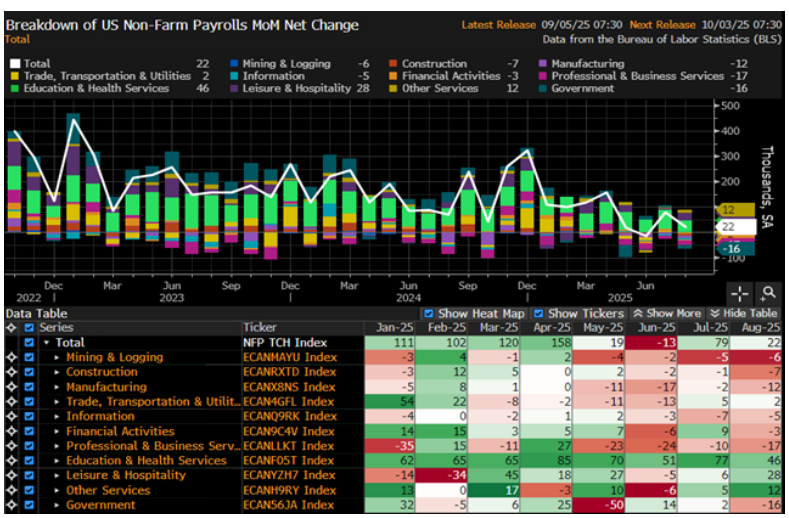
Price Stability and Maximum Employment: FOMC Mandate

As you can see by the chart below, CPI YoY has remained around 3%. The breakout below of Core Services (61%) of CPI tells the story of where prices have moved since February. Are we stuck at 3%? When will we return to the Fed's goal of around 2%? Not for a while.



Series	Ticker	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Weight
All Items	CPI YOY Index	2.822	2.391	2.311	2.355	2.669	2.705	2.916	100.000
Core Services	ECANOKX0 Index	2.496	2.228	2.172	2.151	2.188	2.200	2.172	61.327
Shelter	ECANSENM Index	1.526	1.428	1.421	1.375	1.355	1.306	1.292	36.517
Medical Care Services	ECANVS86 Index	0.197	0.198	0.207	0.197	0.223	0.284	0.280	6.481
Transportation Services	ECANRB4V Index	0.377	0.199	0.161	0.179	0.216	0.224	0.222	6.460
Education And Communicati...	ECANIRWE Index	0.079	0.080	0.057	0.049	0.055	0.055	0.051	5.003
Recreation Services	ECANHDE7 Index	0.145	0.144	0.123	0.123	0.127	0.131	0.122	3.233
Other Personal Services	ECANYLW5 Index	0.058	0.073	0.061	0.073	0.069	0.073	0.072	1.536
Water, Sewer and Trash Col...	ECANMDJ4 Index	0.053	0.053	0.052	0.056	0.058	0.057	0.057	1.096

Looking at the Breakdown of Non-Farm Payrolls MoM compiled by Bloomberg from the Bureau of Labor Statistics, Job creation has slowed this year. This increases the likelihood of a cut next week. Jobs matter more because with fewer people working, spending decreases. When spending decreases, our economy slows. When the economy slows, interest rates come down to help spur growth through borrowing. Please reach out to your Investment Representative to help plan your fixed income portfolio and to your ALM Representative to help plan the shape of the balance sheet for lower rates.



Series	Ticker	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
Total	NFP TCH Index	111	102	120	158	19	-13	79	22
Mining & Logging	ECANMAYU Index	-3	4	-1	2	-4	-2	-5	-6
Construction	ECANRXTD Index	-3	12	5	0	2	-2	-1	-7
Manufacturing	ECANX8NS Index	-5	8	1	0	-11	-17	-2	-12
Trade, Transportation & Utilit...	ECAN4GFL Index	54	22	-8	-2	-11	-13	5	2
Information	ECANQ9RK Index	-4	0	-2	1	2	-3	-7	-5
Financial Activities	ECAN9C4V Index	14	15	3	5	7	-6	9	-3
Professional & Business Serv...	ECANLLKT Index	-35	15	-11	27	-23	-24	-10	-17
Education & Health Services	ECANF05T Index	62	65	65	85	70	51	77	46
Leisure & Hospitality	ECANYZH7 Index	-14	-34	45	18	27	-5	6	28
Other Services	ECANH9RY Index	13	0	17	-3	10	-6	5	12
Government	ECAN56JA Index	32	-5	6	25	-50	14	2	-16

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount ($)	Description	Maturity
09/15/2025	$30,000,000	Pattonville R-III School District, MO GO	2030-2045
09/16/2025	$1,120,000	New Bloomfield Fire Protection District, MO GO BQ	2027-2045

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Economic Release	Data Period	Date	Survey	Actual	Prior
Consumer Credit	Jul	09/08/2025	$10.350b	$16.010b	$9.613b (rev up)
MBA Mortgage Applications	Sep 5	09/10/2025	NA	9.2%	-1.2%
PPI Final Demand MoM	Aug	09/10/2025	0.3%	-0.1%	0.7% (rev down)
PPI Final Demand YoY	Aug	09/10/2025	3.3%	2.6%	3.1% (rev down)
Wholesale Inventories MoM	Jul (F)	09/10/2025	0.2%	0.1%	0.2%
CPI MoM	Aug	09/11/2025	0.3%	0.4%	0.2%
CPI YoY	Aug	09/11/2025	2.9%	2.9%	2.7%
Initial Jobless Claims	Sep 6	09/11/2025	235k	263k	236k (rev down)
Federal Budget Balance	Aug	09/11/2025	-$340.0b	-$344.8b	-$380.1b
U. of Mich. Sentiment	Sep (P)	09/12/2025	58.0	55.4	58.2

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	4.41	4.34	5.32
11th Dist COFI (ECOFC)	2.97	2.95	3.27
1-Yr. CMT	3.66	3.93	4.12
Dow	45,834.22	44,458.61	41,096.77
NASDAQ	22,141.10	21,681.90	17,569.68
S&P 500	6,584.29	6,445.76	5,595.76
Bond Buyer	4.94	5.20	3.83

MUNI AA—BQ

3 Mo.	1.99
6 Mo.	2.08
1-Year	2.15
2-Year	2.06
3-Year	2.08
5-Year	2.24
7-Year	2.60
10-Year	3.04
30-Year	4.48

CMO Spreads to Treasuries

	PAC	Vanilla
1-Year	N/A	+45
2-Year	60	65
3-Year	75	85
5-Year	95	105

MBS Current Coupon Yields

GNMA 30 Yr.	4.96%
FNMA 30 Yr.	5.00%
FNMA 15 Yr.	4.29%

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	4.02	3.85	3.64	3.55	3.51	3.62	3.80	4.06	4.65	4.69
Bullets				1	2	2	11	17		
NC-6 Mo.				30	48	58	58	60		
NC-1 Year				10	28	40	43	42		
NC-2 Year					0	15	20	25		