



Weekly Review—September 26, 2025

When I was 17, a friend introduced me to the *Tao Te Ching*, Lao Tsu's classic on Taoist way of living. Yes, it led directly to my dressing in dark colors and wearing Chinese slippers for about a year, but that is not the point. I was drawn to the philosophy of living in the middle – of letting the great river flow and learning from its subtle actions. I lived where two great rivers met and had survived flooding in my life a few times, so, I knew the great power of water. One of the most famous ideas out of Taoism is the gentle power of flowing water slowly reducing a large rock that at first glance appears to be winning the battle of nature. Initially, the water is forced to flow around the large boulder. But over time, the rock becomes smaller and smaller until ultimately, the water flows unimpeded in the way it intended so long ago. This principle has remained in my heart and in my mind for decades and I return to this image when I need a reset of my thinking – a refocus on what truly matters.

In our economy, obviously the water is money. We watch where it flows and how quickly it moves. The rock is usually a recession, something that slows down the flow of the water (money). 2Q 2025 GDP was revised upwards again to 3.8% in the final release of June 30 data. Both Personal Income and Personal Spending came in hotter than expected. Initial Jobless Claims were 218,000 versus expectations of 233,000 and the 4-Week moving average dipped lower to 237,500. This morning's release of PCE Core Price Index MoM and YoY both were unchanged from July's levels (0.2% and 2.9%, respectively). This rock is relatively small – 30% of a recession over the next 12 months according to Bloomberg's ECFC screen. The flow of money represented by the velocity of M1 and M2 money supply, while seemingly low, is rising compared to the last recession. Regarding flows of investments, measured by Bloomberg's FFLO, measuring ETF flows, equities (\$130 billion) remain the highest category, followed by fixed income \$39 billion). The highest categories for fixed income (in order and excluding the Aggregate category) are Government (US Treasury), Corporate, Municipal, and Mortgage. Please reach out to your Investment Representative to help keep your fixed income portfolio flowing with suitable bonds that fit into your strategy.

In life, you will come across wise people, sages as Lao Tsu calls them. These are the people that have figured out something important about our existence. Sit closely to them and listen. When you see a person remaining calm in a crisis, when what is said brings everyone back down to a peaceful reality where what needs to be done gets done without emotional volatility, and when you witness the actions (even if they appear as inaction) of that person in everyday life exuding a calm confidence, take time to get to know that person. Watch the river flow with them and listen for insights. I am grateful for the sages in my life, and I will think of them as I focus a little more on where the water flows in my life.

Have a great weekend!

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
09/30/2025	\$12,850,000	Andover KS GO	2026-2046
09/30/2025	\$36,235,000	Andover KS GO Temp Notes	2028
10/01/2025	\$2,435,000	Concordia KS GO BQ	2026-2048

Economic Release	Data Period	Date	Survey	Actual	Prior
MBA Mortgage Applications	Sep 19	09/24/2025	NA	0.6%	29.7%
New Home Sales	Aug	09/24/2025	650k	800k	664k (rev up)
GDP Annualized QoQ	2Q (T)	09/25/2025	3.3%	3.8%	3.3%
Wholesale Inventories MoM	Aug (P)	09/25/2025	0.1%	-0.2%	0.0% (rev down)
Durable Goods Orders	Aug (P)	09/25/2025	-0.3%	2.9%	-2.7% (rev up)
Initial Jobless Claims	Sep 20	09/25/2025	233k	218k	232k
Existing Home Sales	Aug	09/25/2025	3.95m	4.00m	4.01m
Personal Income	Aug	09/26/2025	0.3%	0.4%	0.4%
Personal Spending	Aug	09/26/2025	0.5%	0.6%	0.5%
Core PCE Price Index YoY	Aug	09/26/2025	2.9%	2.9%	2.9%

KEY INDICES				MUNI AA-BQ		CMO Spreads to Treasuries		
	Current	Last Month	One Year Ago				PAC	Vanilla
Prime Rate	7.25	7.50	8.00	3 Mo.	2.18	1-Year	N/A	+45
Discount Rate	4.25	4.50	5.00	6 Mo.	2.27	2-Year	60	65
Fed Funds Rate	4.09	4.33	4.83	1-Year	2.34	3-Year	75	90
Interest on Reserve Bal.	4.15	4.40	4.90	2-Year	2.24	5-Year	95	105
SOFR	4.18	4.37	4.84	3-Year	2.22	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	2.97	2.95	3.27	5-Year	2.30	GNMA 30 Yr.	5.14%	
1-Yr. CMT	3.67	3.88	3.89	7-Year	2.62	FNMA 30 Yr.	5.17%	
Dow	46,247.29	45,418.07	42,175.11	10-Year	3.03	FNMA 15 Yr.	4.48%	
NASDAQ	22,484.07	21,544.27	18,190.29	30-Year	4.48			
S&P 500	6,643.70	6,465.94	5,745.37					
Bond Buyer	4.90	5.25	3.81					

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	3.95	3.85	3.66	3.64	3.65	3.76	3.95	4.18	4.74	4.76
Bullets				2	2	1	5	12		
NC-6 Mo.				27	42	39	42	63		
NC-1 Year				7	13	23	23	28		
NC-2 Year					-12	0	3	14		

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