



Weekly Review—December 12, 2025

All eyes were on the Fed this week as policy makers met one last time this calendar year. Below please find a summary of their policy response.

As expected, policy makers lowered benchmark rates 25bps to a range of 3.50% to 3.75%. The action passed 9-3 with one of the three dissent votes favoring a more aggressive 50bps cut.

Revisions to the Fed's forward guidance language found in their public statement referring to "the extent and timing of additional adjustments" showed that policy makers could be signaling a near-term pause in additional rate cuts. This newly added language was previously used when positioning for a pause. In the post-meeting press conference, Chairman Powell reinforced the messaging stating that the Fed was "well positioned" to wait for more labor market and inflation clarity. Powell told reporters that its overnight rate is now "within a range of plausible estimates of neutral."

Based on their updated Summary of Economic Projections, policy makers have lowered next year's inflation expectations from 2.6% last quarter to 2.5%. Although lower, this median forecast remains above target. As for economic growth, their median annualized estimate for 2026 GDP increased from September's 1.8% forecast to 2.3% - with growth expected to slow to 2% in 2027. For those keeping score, annualized economic growth has average 2.7% in the last three years.

With inflation above target and economic grow expected to slow, policy makers continue to be challenged in achieving their dual mandate. Although the Fed continues to acknowledge that "job gains have slowed" and "downside risks to employment rose in recent months," additional near-term rate cuts will depend largely on increased labor market weakness. According to Powell, "there is no risk-free path as we navigate this tension between our employment and inflation goals." November's jobs report is scheduled to be released next week.

Please feel free to reach out to us with your capital market-related questions.

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
12/17/2025	\$4,895,000	Southern Jackson County FPD, MO GO BQ	2027-2045

Economic Release	Data Period	Date	Survey	Actual	Prior
Leading Index	Sep	12/09/2025	-0.3%	-0.3%	-0.3% (rev down)
JOLTS Job Openings	Sep	12/09/2025	7,198k	7,658k	7,227k
JOLTS Job Openings	Oct	12/09/2025	7,117k	7,670k	7,658k
MBA Mortgage Applications	Dec 5	12/10/2025	NA	4.8%	-1.4%
Employment Cost Index	3Q	12/10/2025	0.9%	0.8%	0.9%
FOMC Rate Decision (Upper)	Dec 10	12/10/2025	3.75%	3.75%	4.00%
Fed Int. on Reserve Balances	Dec 11	12/10/2025	3.65%	3.65%	3.90%
Initial Jobless Claims	Dec 6	12/11/2025	220k	236k	192k (rev up)
Trade Balance	Sep	12/11/2025	-\$63.1b	-\$52.8b	-\$59.3b (rev up)
Wholesale Inventories MoM	Sep (F)	12/11/2025	0.1%	0.5%	-0.1% (rev down)

KEY INDICES				MUNI AA-BQ		CMO Spreads to Treasuries		
	Current	Last Month	One Year Ago				PAC	Vanilla
Prime Rate	6.75	7.00	7.75	3 Mo.	2.51	1-Year	N/A	+45
Discount Rate	3.75	4.00	4.75	6 Mo.	2.51	2-Year	60	65
Fed Funds Rate	3.64	3.87	4.58	1-Year	2.51	3-Year	75	90
Interest on Reserve Bal.	3.65	3.90	4.65	2-Year	2.46	5-Year	90	95
SOFR	3.66	3.95	4.62	3-Year	2.47	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	2.87	2.92	3.11	5-Year	2.47	GNMA 30 Yr.	5.16%	
1-Yr. CMT	3.54	3.66	4.21	7-Year	2.64	FNMA 30 Yr.	5.13%	
Dow	48,458.05	48,254.82	43,914.12	10-Year	2.87	FNMA 15 Yr.	4.47%	
NASDAQ	23,195.17	23,406.46	19,902.84	30-Year	4.44			
S&P 500	6,824.41	6,850.92	6,051.25					
Bond Buyer	4.81	4.75	4.01					

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	3.61	3.59	3.54	3.53	3.58	3.74	3.94	4.18	4.81	4.84
Bullets				1	1	1	1	13		
NC-6 Mo.				24	38	52	58	66		
NC-1 Year				9	25	40	48	55		
NC-2 Year					2	20	30	40		

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).



Commerce Bank

commercebank.com