



Weekly Review—April 11, 2025

Upside down. Boy you turn me. Inside out. Round and round. (Diana Ross) Wow. Just wow. This week has been *très intéressante*. The yield on the 10-year treasury ended at 4.01% last Friday and is currently trading just below 4.60%. The 2-year treasury ended at 3.68% last Friday and currently trades around 3.94%. The 2-10 spread has increased from ~33pbs to ~66pbs. The curve is steepening. This is both good and bad. Good in the sense that there may be some opportunities to be rewarded for extending duration in some fixed income securities, locking in higher coupons. Bad in the sense that it may represent further uncertainty lies ahead. The market overreacts often enough, but we are approaching a tiresome level of overreaction. Calm heads must prevail – I only hope we have the courage to remain unemotional when making decisions.

If 6 turned out to be 9, I don't mind (Jimi Hendrix) The bond market is sending signals of risk that we have not seen in a long time. Whether it was the rumor-filled panic selling on the long-end we saw earlier, or the continued uncertainty in how tariffs are being used for negotiations, the bond market is sending the signals of possible economic slowdown. We've learned that inversion of the curve by itself does not mean a recession is coming, but remember, a steepening curve often shows up while we are in a recession. Now hold your comments, I am not convinced we are in one, but more and more market participants are using the R-word. While inflation remains lower than expected (see CPI and PPI figures on the next page) and the jobs market has yet to send truly harmful signals, the consumer portion of the economy has been yelling that things are not looking good. I would never say we should look at one economic indicator to tell us what is going to happen, but the U. of Mich. Sentiment continued its downward trend this morning. In December, the figure was 74.0 (positive) and the preliminary estimate came out this morning and at 50.8 (approaching negative) – anything above 50 is usually considered positive outlook. Additionally, if we look at the U. of Mich. 1 Yr Inflation outlook: December's number was 2.8%, this morning's preliminary estimate for April came in at 6.7%. Consumers in this sentiment are screaming things are not good. Again, I call for calm as we must wait and see if this sentiment converts into the more behavioral indexes like consumer spending.

When you're down and troubled. And you need a helping hand (James Taylor) Okay I went Adult-Oriented-Rock big time on this reference, but Mr. Taylor has a calming light-baritone voice that can reassure us in times of uncertainty. The certainty in this time is you do have a friend in us. Let us discuss how your investment strategies must remain agile while keeping your long-term goals in mind. Reach out to your Investment Representative for a calm discussion.

Have a great weekend!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
04/14/2025	\$2,700,000	City of Haysville, KS GO Temp Notes BQ	2027
04/17/2025	\$8,300,000	City of Derby, KS GO Temp Notes	2027
04/17/2025	\$19,865,000	City of Derby, KS GO	2027-2035

Economic Release	Data Period	Date	Survey	Actual	Prior
Consumer Credit	Feb	04/07/2025	\$15.000b	-\$0.810b	\$8.901b
MBA Mortgage Applications	Apr 4	04/09/2025	NA	20%	-1.6%
Wholesale Inventories MoM	Feb (F)	04/09/2025	0.4%	0.3%	0.3%
CPI MoM	Mar	04/10/2025	0.1%	-0.1%	0.2%
CPI YoY	Mar	04/10/2025	2.5%	2.4%	2.8%
Initial Jobless Claims	Apr 5	04/10/2025	223k	223k	219k
PPI Final Demand MoM	Mar	04/11/2025	0.2%	-0.4%	0.1% (rev up)
PPI Final Demand YoY	Mar	04/11/2025	3.3%	2.7%	3.2%
U. of Mich. Sentiment	Apr (P)	04/11/2025	53.8	50.8	57.0
U. of Mich. 1 Yr Inflation	Apr (P)	04/11/2025	5.2%	6.7%	5.0%

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.	2.71	1-Year	N/A	+50
Discount Rate	4.50	4.50	5.50	6 Mo.	2.78	2-Year	70	80
Fed Funds Rate	4.33	4.33	5.33	1-Year	3.22	3-Year	95	105
Interest on Reserve Bal.	4.40	4.40	5.40	2-Year	3.24	5-Year	130	140
SOFR	4.37	4.33	5.31	3-Year	3.27	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	2.94	2.94	3.16	5-Year	3.40	GNMA 30 Yr.	5.85%	
1-Yr. CMT	4.04	3.98	5.19	7-Year	3.55	FNMA 30 Yr.	5.84%	
Dow	40,212.71	41,433.48	38,459.08	10-Year	3.77	FNMA 15 Yr.	5.09%	
NASDAQ	16,724.46	17,436.10	16,442.20	30-Year	4.86			
S&P 500	5,363.36	5,572.07	5,199.06					
Bond Buyer	5.11	4.15	3.76					

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	4.31	4.17	4.02	3.93	3.99	4.16	4.34	4.51	4.96	4.90
Bullets				2	2	5	13	24		
NC-6 Mo.				40	55	71	80	85		
NC-1 Year				11	28	42	75	65		
NC-2 Year					8	10	25	35		

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