



Weekly Review—October 3, 2025

Welcome to October, my favorite month of the year in Missouri. Why? Well, I get to wear jeans, flannel shirts, start building fires...wait! What do you mean it's going to be 80 degrees for half the month? I guess what I expected is not going to happen yet. This transpires when things out of our control occur. The shutdown of the US Government has delayed the release of key jobs data for the month of September. But I think we can get a good idea that when it comes out, it will tell us what we already know: the jobs market is under duress.

We did receive private payrolls information from ADP earlier this week. The median expectation from the surveyed economists was a growth of 51,000 jobs in the private sector. What we received was a familiar story: a 32,000 decrease and a revision of the previous release downward from a 54,000 increase to a 3,000 decline. This mirrors the pattern we saw in the past two releases of Change in Nonfarm Payrolls. While this may grab the attention of economists, the equity and bond markets appear to shrug it off. In the over-confident cliché sometimes repeated by pundits, it could be that the “markets have already priced in” this deterioration. That could be true; however, we are likely to see more negative valuations in equities and lower yields in the bond market as the stress in the labor markets progresses.

With another shutdown of the US Government, I wanted to learn more about the history of such events. Shutdowns are usually due to funding gaps which cause the delay of a budget passage or Congress voting against the passage of spending bills which would plug the gap. While funding gaps have occurred throughout our history, the shutdown of government operations is a relatively new phenomenon (since 1982). In 1980 and 1981, US Attorney General Benjamin Civiletti fought for stricter legal interpretation of the Antideficiency Act, which prohibited government agencies from spending more than the amounts Congress had approved. (history.house.gov). After this, we have experienced 11 shutdowns of the US Government due to funding gaps. The shortest lengths have been one day. The longest was 34 days: December 21, 2018 – January 25, 2019. The party of a president does not matter in this history, as both Democrats and Republicans have experienced shutdowns during their administrations.

Current Fed Funds futures show around a 97% chance of a cut this month by the FOMC and the about an 83% chance of an additional cut in December. The US 10-year yield hovers around 4.11%. The Dow Jones, the S&P 500, and the NASDAQ indexes are all positive. AI deals appear to be fueling this run in equities, while the bond market sits and waits for more data.

We will hear plenty of more political rhetoric over the next several days or possibly weeks. What we can hope is the banter cools just as the temperatures usually do this time of year.

If you want to read more about the history government shutdowns, go to the website I cited earlier. The United States House of Representatives site provides some further details.

Have a great weekend!

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
10/07/2025	\$9,405,000	Bel Aire, KS GO	2027-2046
10/07/2025	\$10,565,000	Bel Aire, KS GO Temp Notes	2028
10/07/2025	\$37,460,000	Olathe, KS Water Sewer System Rev	2026-2045
10/07/2025	\$1,000,000	Olathe KS GO	2026-2045

Economic Release	Data Period	Date	Survey	Actual	Prior
MNI Chicago PMI	Sep	09/30/2025	43.3	40.6	41.5
Conf. Board Consumer Confid.	Sep	09/30/2025	96.0	94.2	97.8 (rev up)
MBA Mortgage Applications	Sep 26	10/01/2025	NA	-12.7%	0.6%
ADP Employment Change	Sep	10/01/2025	51k	-32k	-3k (rev down)
S&P Global US Manufact. PMI	Sep (F)	10/01/2025	52.0	52.0	52.0
ISM Manufacturing	Sep	10/01/2025	49.0	49.1	48.7
S&P Global US Services PMI	Sep (F)	10/03/2025	53.9	54.2	53.9
S&P Global US Composite PMI	Sep (F)	10/03/2025	53.6	53.9	53.6
ISM Services Index	Sep	10/03/2025	51.7	50.0	52.0
Employment Data Delayed By	Government	Shutdown			

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.	2.27	1-Year	N/A	+45
Discount Rate	4.25	4.50	5.00	6 Mo.	2.36	2-Year	60	65
Fed Funds Rate	4.09	4.33	4.83	1-Year	2.43	3-Year	75	90
Interest on Reserve Bal.	4.15	4.40	4.90	2-Year	2.35	5-Year	90	100
SOFR	4.20	4.39	4.92	3-Year	2.31	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	2.96	2.97	3.26	5-Year	2.36	GNMA 30 Yr.	5.07%	
1-Yr. CMT	3.64	3.82	3.97	7-Year	2.63	FNMA 30 Yr.	5.09%	
Dow	46,758.28	45,271.23	42,011.59	10-Year	3.02	FNMA 15 Yr.	4.39%	
NASDAQ	22,780.51	21,497.73	17,918.47	30-Year	4.43			
S&P 500	6,715.79	6,448.26	5,699.94					
Bond Buyer	4.85	5.23	3.74					

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	3.94	3.81	3.62	3.56	3.58	3.70	3.89	4.11	4.67	4.70
Bullets				2	1	1	4	12		
NC-6 Mo.				28	40	48	48	55		
NC-1 Year				12	22	32	38	45		
NC-2 Year					0	10	20	30		

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