



Weekly Review—October 17, 2025

In an interview for my first analyst position, I quipped, “I am just fascinated with economic crises.” This was in the Fall of 2007. A little later in my career, I was introduced to credit analysis of loans by sitting at a conference table with seven large stacks of loan files. “These are our best customers. Get to know them,” I was told. Six of the seven barely survived the Great Financial Crisis. This week we were treated with three large credit events in the banking world. JP Morgan announced a \$170mm write-off and yesterday, Zions Bancorp and Western Alliance Bancorp announced deterioration in a large loan relationship which both participated which resulted in a \$50mm write-off. These releases during earnings season sparked fears throughout the markets yesterday. To be clear, while these dollar amounts are large, the overall effect on these banks’ loan portfolios and earnings capabilities remains small. However, the markets are filled with anxiety, and it does not take much negativity to cause big changes in values of investments.

While I believe markets will recover quickly to the levels we saw prior to these announcements, it is good for us to remember how banks work. Depository institutions take in deposits (our money) and lend it out to businesses, individuals, municipalities, non-profits, etc.; what remains gets invested in the financial markets. The flow of money through our financial system is its lifeblood. It circulates through payments systems, spreading to contractors, employees, business partners, some of which gets redeposited into more financial institutions until used to lend out to their customers. Banks take measured risks in order to profit from transactions like lending, investing, and capital projects. Banks put aside certain levels of capital for potential losses. When losses occur, some of the reserve set aside is used to cover the write-off (charge-off). It is important to note that charge-offs and even reserving for potential credit losses are non-cash events. They are accounting methods/treatments which distribute earnings (capital) that has already been earned but not monetized. Finally, just because a loan or investment is charged off, does not mean collection of the debt will not occur; it means that the original contractual expectation of repayment will not occur within the expected timeframe. Receipt of repayment will be delayed and likely less than initially expected.

Investors typically do not like losses so, when we hear of them, particularly within the financial system, we react. This is what we saw yesterday with regional bank stocks and other financials seeing decreases in value. This coupled with the government shutdown has investors working with heightened anxiety – key economic data is delayed from our original expected dates of receipt. But like a charged-off loan, we will eventually receive something. But we should plan on getting less than we originally anticipated.

Have a great weekend!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
10/20/2025	\$7,885,000	Augusta, KS GO BQ	2026-2050
10/20/2025	\$100,000,000	St Louis County Parkway C2 School District GO	2026-2045
10/21/2025	\$3,075,000	Conway Springs, KS GO BQ	2026-2040
10/21/2025	\$121,570,000	Lawrence KS Water & Sewer Rev	2026-2045
10/21/2025	\$27,405,000	Valley Center-1 KS GO	2027-2046
10/21/2025	\$935,000	Valley Center-2 KS GO	2028-2041
10/22/2025	\$7,520,000	Derby KS GO Temp Notes	2027
10/22/2025	\$34,080,000	Derby KS GO Series B	2027-2055
10/22/2025	\$6,485,000	Johnson County KS Public Building Authority Rev	2026-2045
10/22/2025	\$60,310,000	Johnson County KS GO	2026-2055
10/22/2025	\$50,000,000	Kansas School District GO Series B	2027-2045

Economic Release	Data Period	Date	Survey	Actual	Prior
NFIB Small Business Optimism	Sep	10/14/2025	100.6	98.8	100.8
MBA Mortgage Applications	Oct 10	10/15/2025	NA	-1.8%	-4.7%
Empire Manufacturing	Oct	10/15/2025	-1.8	10.7	-8.7
Philadelphia Fed Bus. Outlook	Oct	10/16/2025	10.0	-12.8	23.2
NY Fed Services Bus. Activity	Oct	10/16/2025	NA	-23.6	-19.4
NAHB Housing Market Index	Oct	10/16/2025	33	37	32
Federal Budget Statement	Sep	10/16/2025	NA	\$198.0b	\$80.3b
Retail Sales, PPI, Initial Jobless	Claims	Housing	Starts	Building	Permits
Import/Export Prices	Are	All	Delayed	Due to	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.	2.32	1-Year	N/A	+45
Discount Rate	4.25	4.50	5.00	6 Mo.	2.41	2-Year	60	65
Fed Funds Rate	4.10	4.33	4.83	1-Year	2.48	3-Year	75	90
Interest on Reserve Bal.	4.15	4.40	4.90	2-Year	2.38	5-Year	90	100
SOFR	4.30	4.39	4.86	3-Year	2.34	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	2.96	2.97	3.26	5-Year	2.38	GNMA 30 Yr.	4.98%	
1-Yr. CMT	3.56	3.62	4.17	7-Year	2.59	FNMA 30 Yr.	4.97%	
Dow	46,190.61	46,018.32	43,239.05	10-Year	2.89	FNMA 15 Yr.	4.32%	
NASDAQ	22,679.98	22,261.33	18,373.61	30-Year	4.35			
S&P 500	6,664.01	6,600.35	5,841.47					
Bond Buyer	4.78	4.94	3.92					

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	3.92	3.79	3.56	3.46	3.46	3.59	3.78	4.00	4.58	4.60
Bullets				2	2	1	3	18		
NC-6 Mo.				28	43	55	57	65		
NC-1 Year				5	22	35	43	50		
NC-2 Year					-2	10	22	33		

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