



Weekly Review—December 5, 2025

With the last Federal Open Market Committee (FOMC) meeting of 2025 scheduled for next week, policy makers remain divided over the risks inherent to their dual mandate of price stability and maximum employment. As mentioned in my last writeup, several policy members have expressed concerns about persistent inflation as price increases from tariffs make their way to consumers. Other members have argued there's still room for another rate cut – adding support to a weakening labor market.

Understanding that policy response is generally expected to be data dependent, economic data since the Fed's last meeting has provided little guidance as the government has yet to publish an updated inflation report – warning it would take some time to resume regular publication of economic data following the government shutdown that spanned much of October and November. The latest inflation data (which was released this morning) showed consumer prices rose as expected in September, increasing 0.3% from August. The Fed's preferred inflation metric – core PCE – rose 0.20% from August and is up 2.8% from last year. As such, elevated core inflation will be of concern to the hawkish members of the FOMC.

In terms of the Fed's maximum employment mandate, investors are still waiting for the release of updated jobs data from the Bureau of Labor Statistics (BLS). BLS is expected to release the October and/or November job reports after next week's policy meeting. As such, the last jobs report was based on September data which showed continued weakness. From the street's perspective, most economists believe that weakness in the jobs market should be of greatest concern for policy makers – not elevated inflation. Only 18% of those surveyed by Bloomberg think inflation is the greater risk.

Next week's two-day policy meeting will conclude on Wednesday at which the futures market expects (with a 95% probability) another 25bps rate cut. Looking into 2026, Fed Fund futures have priced in two additional quarter-point cuts by year end – marking a low 3% terminal rate.

Please feel free to reach out to us with your capital market-related questions. We're always happy to share our thoughts!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
12/08/2025	\$5,000,000	Jackson County USD #335, KS GO BQ	2028-2051
12/08/2025	\$101,250,000	Johnson County USD #229, KS GO Series A	2027-2045
12/08/2025	\$39,745,000	Johnson County USD #229, KS GO Series B	2026-2035
12/09/2025	\$26,545,000	Prairie Village, KS GO	2028-2055
12/09/2025	\$23,065,000	Liberty, MO Special Obligation Rev	2026-2050

Economic Release	Data Period	Date	Survey	Actual	Prior
S&P Global US Manufact. PMI	Nov (F)	12/01/2025	51.9	52.2	51.9
ISM Manufacturing	Nov	12/01/2025	49.0	48.2	48.7
MBA Mortgage Applications	Nov 28	12/03/2025	NA	-1.4%	0.2%
ADP Employment Change	Nov	12/03/2025	10k	-32k	47k (rev up)
ISM Services Index	Nov	12/03/2025	52.0	52.6	52.4
Initial Jobless Claims	Nov 29	12/04/2025	220k	191k	218k (rev up)
Factory Orders	Sep	12/04/2025	0.3%	0.2%	1.3% (rev down)
Personal Income	Sep	12/05/2025	0.3%	0.4%	0.4%
Personal Spending	Sep	12/05/2025	0.3%	0.3%	0.5% (rev down)
Core PCE Price Index YoY	Sep	12/05/2025	2.8%	2.8%	2.9%

KEY INDICES				MUNI AA-BQ		CMO Spreads to Treasuries		
	Current	Last Month	One Year Ago				PAC	Vanilla
Prime Rate	7.00	7.00	7.75	3 Mo.	2.51	1-Year	N/A	+45
Discount Rate	4.00	4.00	4.75	6 Mo.	2.51	2-Year	60	65
Fed Funds Rate	3.89	3.87	4.58	1-Year	2.51	3-Year	75	90
Interest on Reserve Bal.	3.90	3.90	4.65	2-Year	2.46	5-Year	90	95
SOFR	3.92	4.00	4.59	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.	5.10%	
1-Yr. CMT	3.61	3.67	4.23	7-Year	2.64	FNMA 30 Yr.	5.10%	
Dow	47,954.99	47,311.00	44,765.71	10-Year	2.86	FNMA 15 Yr.	4.42%	
NASDAQ	23,578.13	23,499.80	19,700.72	30-Year	4.43			
S&P 500	6,870.40	6,796.29	6,075.11					
Bond Buyer	4.81	4.74	3.98					

Treasuries & New Issue Agencies <i>(Spread to Treasuries)</i>										
	3 Mo.	6 Mo.	1-Yr.	2-Yr.	3-Yr.	5-Yr.	7-Yr	10-Yr	20-Yr	30-Yr
Treasuries	3.69	3.67	3.59	3.55	3.57	3.70	3.89	4.12	4.75	4.79
Bullets				1	1	2	1	13		
NC-6 Mo.				26	38	50	55	62		
NC-1 Year				9	22	35	44	50		
NC-2 Year					0	18	25	35		

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