

Week in Review | Reinhart Fixed Income By Madison Investments

October 24, 2025



Inflation

The Consumer Price Index (CPI) rose 0.3% in September while the core CPI, excluding food and energy, rose 0.2%. Year-over-year, both CPI and core CPI have risen 3.0%.

Our Take: The CPI was reported despite the government shutdown, as it was needed for cost-of-living adjustments to Social Security. A side benefit is that the Fed will have another inflation data point to consider when deliberating on rate cuts at their meeting next week. Both the headline and core CPI came in a tenth lower than expected, likely solidifying both an October and December cut, as the Fed seems more concerned about slowing employment than a reignition of inflation.

Oil

The U.S. announced sanctions on the two largest Russian oil companies that account for 50% of Russian crude exports. Refinery officials in India stated that the sanctions would make it impossible for Russian crude flows to continue to India. The EU also announced additional sanctions on Russian energy exports. Crude prices rallied sharply, albeit from low starting levels.

Our Take: Depending on the extent to which India and China curtail their imports of Russian crude, these sanctions are likely to place upward pressure on energy prices. These effects will be somewhat blunted by the recent rises in production that have pushed the global crude market into surplus.

Trade

White House Press Secretary Leavitt announced that President Trump and Chinese President Xi will have a meeting on the sidelines of next week's Asia-Pacific Economic Cooperation (APEC) summit. Later in the week the president announced a halt to trade negotiations with Canada.

Our Take: There is currently a very high level of uncertainty around the level of tariffs or other trade restrictions that are likely to be placed on large and economically important trade flows. This uncertainty has likely kept many firms from making longer-term plans around pricing, sourcing and production that will reveal the balance of effects of the administration's trade policy on inflation, growth and employment.

Municipals

Moody's Investors Service upgraded the state of Illinois general obligation bond rating from A3 to A2. This marks the tenth upgrade for the state since June of 2021 across all major ratings agencies. Governor JB Pritzker touted the upgrade stating, "With each credit upgrade, Illinois saves taxpayers millions of dollars in interest payments and further demonstrates the benefits of long-term improvements to our fiscal position."



Our Take: Illinois has taken steps to improve its fiscal health and has been rewarded with another upgrade. Illinois lawmakers have passed balanced, on-time budgets, and increased payments to the state's rainy-day fund. Prior to 2021, the state had not received an upgrade since June 2000.



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Madison Investment Holdings, Inc. acquired the fixed income management assets of Reinhart Partners, Inc. on June 11, 2021 and now employs the Investment Team that previously managed the assets at Reinhart. The Investment Team manages the assets using substantially the same strategies and objectives as at Reinhart. Performance information dated prior to the purchase reflects that of Reinhart Partners, Inc.

Quality refers to the bond ratings provided by the various third-party ratings agencies. Stability and predictability refer to the cash flow of individual securities and not to the market value or performance of portfolio holdings. There is no guarantee this strategy will lead to investment success.

In addition to the ongoing market risk applicable to portfolio securities, bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally, the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Consumer Price Index (CPI) measures changes in the price level of a weighted average market basket of consumer goods and services purchased by households.

