

Week in Review | Reinhart Fixed Income By Madison Investments

November 14, 2025



Government Shutdown

Following a deal by moderate Senate Democrats to fund the government through January 30 in exchange for a floor vote on Obamacare subsidies in December, both houses of Congress passed a continuing resolution that reopened the federal government.

Our Take: The reopening will allow government services to resume and will continue some payments that were halted during the shutdown. Key economic reports from the BEA, BLS and Fed should resume soon, although some data will have gaps for the time period of the shutdown.

The Fed

This week a growing number of Fed officials expressed concerns about the need for another rate cut at the upcoming FOMC (Federal Open Market Committee) meeting in December. Some members, including Mary Daly (President, Federal Reserve Bank of San Francisco) and Neel Kashkari (Minneapolis), think it is too soon to tell whether additional rate cuts are necessary and are keeping an open mind. Others appear more outwardly cautious. Alberto Musalem (St. Louis) says the Fed needs to proceed carefully and maintain restrictive rates while inflation remains above target. Echoing that concern, Austan Goolsbee (Chicago) has become increasingly uncomfortable with moving forward on additional cuts due to limited information on inflation, noting, "When it is foggy, let's just be a little careful and slow down." Beth Hammack (Cleveland) remains focused on price stability, insisting that policy must remain mildly restrictive until inflation returns to the Fed's 2% target. Jeff Schmid (Kansas City) added that interest rates are putting only modest pressure on the economy at this point, which he described as appropriate.

Our Take: There was a noticeable shift to a more hawkish tone from some FOMC officials, hinting at growing divisions at the Fed. Expectations for a December rate cut have faded sharply in response. With uncertainty around inflation still high and policy moving closer to neutral, the Fed appears increasingly cautious. Future moves will depend on incoming data and how the economy responds to earlier rate cuts.

Municipals

Voters across the country have approved at least \$12 billion of state and local measures according to Bloomberg. It was estimated that \$15.7 billion of bond measures were on the ballot last week. The largest measure to pass was a \$1.9 billion referendum in Columbus, Ohio to finance affordable housing, followed by a \$1.4 billion school renovation measure in Richardson, Texas. Overall, Texas had the most measures on the ballot with \$7 billion of proposals.

Our Take: This year's total amount of approved borrowing of \$12 billion was lower than 2024's \$52 billion of approved bond measures. As 2025 was an off-year election, it is not a surprise that fewer measures were on the ballot. Many municipalities choose to add measures to the ballot during midterm and presidential election years when voter turnout is higher.



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