



TheECONOMY

Government Shutdown Adds to Uncertainty

The second longest U.S. government shutdown in history has cut off virtually all economic data releases from federal government agencies through the first three weeks of October, making a challenging monetary policy environment even more uncertain for the Federal Open Market Committee (FOMC) and Chairman Powell. Only CPI data were released on October 24th as they were needed for the Social Security Administration's annual cost-of-living adjustment; all other data releases have been suspended.

Slowdowns in the labor market prompted the FOMC to cut the federal funds rate by 25 basis points in September in what Chairman Powell described as a 'risk-management cut' during his post-meeting press conference. Market participants currently expect these cuts to continue through the rest of the year at a minimum, with fed funds futures currently pricing in just under two additional 25 basis point cuts by the December 10th FOMC meeting.

Chairman Powell at the September press conference characterized the current monetary policy stance as restrictive, allowing for these rate adjustments even as inflation data remains above the FOMC's two percent target. Powell and the committee are effectively trying to thread the needle, cutting rates to support the softening labor market while not easing conditions too much and potentially spurring another bout of inflation.

Unless there is a resolution to the government shutdown by the end of the month, Chairman Powell and the rest of the FOMC could be lacking the most recent and relevant economic data while making their monetary policy decisions - effectively flying blind at the late October FOMC meeting.

Treasury Yields

Maturity	10/22/25	9/22/25	CHANGE
3 Month	3.877%	3.937%	-0.060%
6 Month	3.776%	3.834%	-0.058%
1-Year	3.552%	3.598%	-0.046%
2-Year	3.445%	3.603%	-0.159%
3-Year	3.444%	3.584%	-0.140%
5-Year	3.553%	3.701%	-0.148%
10-Year	3.949%	4.147%	-0.197%
30-Year	4.531%	4.763%	-0.232%

Source: Bloomberg

Agency Yields

Maturity	10/22/25	9/22/25	CHANGE
3 Month	3.780%	3.790%	-0.010%
6 Month	3.580%	3.640%	-0.060%
1-Year	3.360%	3.450%	-0.090%
2-Year	3.680%	3.647%	0.033%
3-Year	3.630%	3.616%	0.014%
5-Year	3.750%	3.744%	0.006%

Source: Bloomberg

Commercial Paper Yields (A-1/P-1)

Maturity	10/22/25	9/22/25	CHANGE
1 Month	4.015%	4.090%	-0.075%
3 Month	3.952%	4.069%	-0.117%
6 Month	3.881%	3.993%	-0.112%
9 Month	3.831%	3.959%	-0.128%

Source: Bloomberg

Current Economic Releases

Data	Period	Value
GDP QoQ	Q2 '25	3.80%
U.S. Unemployment	Aug '25	4.30%
ISM Manufacturing	Sep '25	49.1
PPI YoY	Aug '25	2.60%
CPI YoY	Sep '25	3.00%
Fed Funds Target	Oct 23, 2025	4.00% - 4.25%

Source: Bloomberg

Source: Bloomberg. Data as of Oct 22, 2025. Data unaudited. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. VIP is not a bank. An investment in VIP is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although VIP seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. All comments and discussions presented are purely based on opinion and assumptions, not fact. These assumptions may or may not be correct based on foreseen and unforeseen events. The information presented should not be used in making any investment decisions. This material is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. **Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.**

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