

Fixed Income Weekly Primer

Fixed Income Solutions

Personal Consumption Expenditures (PCE) data for July was released on Friday and was in line with expectations. PCE is the FOMC's primary measure of inflation, so it is closely watched by market participants in order to gain insight into possible future FOMC policy decisions. Core PCE year-over-year rose from 2.8% to 2.9% while Core PCE month-over-month remained at 0.3%. The increase in inflation from levels already higher than their 2% target further complicates their future policy decisions as, by some measures, the labor market appears to be weakening in the face of rising inflation. On the labor front, several important labor-related data points are released this week for markets to digest. JOLTS Job Openings is released on Wednesday followed by employment data on Friday. The Change in Nonfarm Payrolls for August is expected to come in at just 75,000, which would be an increase from last month's 73,000. The Unemployment Rate is projected to rise from 4.2% to 4.3%.

Yields were mixed last week. Treasury yields fell across the short and intermediate part of the curve by 3 to 9 basis points while the long end of the curve rose by 4 basis points. Investment-grade corporate yields followed a similar path, falling slightly on the short end and rising on the long part of the curve. Investment-grade spreads widened slightly for the week while high-yield spreads tightened by ~10 basis points. Municipal yields were lower across the curve, but only marginally as the benchmark AAA curve fell by 1 to 2 basis points. On the new issue front, The Bond Buyer is projecting \$7.5 billion in the municipal space while Bloomberg expectations for investment-grade corporates are ~\$55 billion. CD rates were lower for the week. The number of available issuers decreased (from 93 to 55). The total number of CDs available decreased (from 185 to 109). 29 issuers listed offerings between 3-months and 1-year averaging a 4.087% yield-to-maturity (vs. last week's 4.040%). 47 issuers listed offerings between 3-months and 5-years averaging a 4.015% yield-to-maturity (vs. last week's 4.102%).

	Friday	WEEK AGO	CHANGE		Friday	WEEK AGO	CHANGE		Friday	WEEK AGO	CHANGE
Equities (Price Appreciation)				Municipal (AAA) (YTW)				Corporate Index (A) (YTW)			
S&P 500	6460.26	6466.91	▼ -6.65	1 yr	2.170	2.182	▼ -0.011	1 yr	4.159	4.177	▼ -0.018
Treasuries (YTW)				5 yr	2.347	2.362	▼ -0.014	5 yr	4.263	4.288	▼ -0.025
1 yr	3.830	3.870	▼ -0.040	10 yr	3.184	3.202	▼ -0.019	10 yr	4.973	4.967	▲ 0.007
5 yr	3.680	3.760	▼ -0.080	30 yr	4.585	4.602	▼ -0.017	30 yr	5.742	5.670	▲ 0.071
10 yr	4.230	4.260	▼ -0.030	Municipal (AAA) TEY @ 37%				Corporate Index (BBB) (YTW)			
30 yr	4.920	4.880	▲ 0.040	1 yr	3.445	3.463	▼ -0.018	1 yr	4.399	4.420	▼ -0.022
Brokered CDs (YTW)				5 yr	3.726	3.748	▼ -0.023	5 yr	4.550	4.571	▼ -0.021
3 mo	4.250	4.250	■ 0.000	10 yr	5.053	5.083	▼ -0.029	10 yr	5.296	5.288	▲ 0.008
6 mo	4.050	4.150	▼ -0.100	30 yr	7.277	7.305	▼ -0.028	30 yr	6.065	5.993	▲ 0.072
1 yr	3.950	3.950	■ 0.000	MBS 30-yr (Current Coupon) (YTW)				Other Rates			
3 yr	3.800	3.900	▼ -0.100	FNMA	5.325	5.379	▼ -0.054	SOFR	4.340	4.360	▼ -0.020
5 yr	3.950	3.950	■ 0.000	GNMA	5.282	5.333	▼ -0.051	Fed Funds	4.310	4.310	■ 0.000

Source: Bloomberg LP, Raymond James as of 09/02/25

All entries are percentage (%) unless otherwise noted.

DAY	EVENT	PERIOD	SURVEY	PRIOR
Wed	JOLTS Job Openings	July	7373k	7437k
Wed	Durable Goods Orders	July F	-2.8%	-2.8%
Thurs	ISM Services Index	Aug	50.9	50.1
Fri	Change in Nonfarm Payrolls	Aug	75k	73k
Fri	Unemployment Rate	Aug	4.3%	4.2%

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CDs offer FDIC insurance and a fixed rate of return whereas both principal and yield of investment securities will fluctuate with changes in market conditions. CDs are insured by the Federal Deposit Insurance Corporation (FDIC), an independent agency of the United States government, for up to \$250,000 per depositor. The coverage limit refers to the total of all deposits that an account holder(s) has at each FDIC-insured bank.

The DJIA (Dow Jones Industrial Average) is a price-weighted index of 30 significant stocks. The S&P 500 is an index of 500 widely held securities meant to reflect the risk/return characteristics of the large cap universe. The NASDAQ Composite Index is an index of all stocks traded on the NASDAQ over-the-counter market. The Russell 2000 index is an index of small cap securities which generally involve greater risks. The Markit CDX indices are composed of 125 investment grade entities, and attempt to track credit default swap spreads on these underlying securities. These unmanaged indexes cannot be invested in directly.

GDP (Gross Domestic Product) is the annual total market value of all final goods and services produced domestically by the U.S.

The S&P U.S. Preferred Index measures the performance of a select group of preferred stocks listed on the New York Stock Exchange, NYSE Arca, Inc., NYSE Amex, NASDAQ Global Select Market, NASDAQ Select Market or NASDAQ Capital Market.

Mortgage Backed securities (MBS) are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market, interest rate, prepayment, and reinvestment risks. Unless issued by GNMA, MBS's are not backed or guaranteed by any government agency.

The Mortgage Bankers Association Market Composite Index is a measure of mortgage loan application volume.

The Bloomberg U.S. Corporate Bond Indexes are comprised of the "active" (most frequently traded) fixed coupon bonds represented by FINRA TRACE, FINRA's transaction reporting facility that disseminates all over-the-counter secondary market transactions in these public bonds.

The Citigroup Investment Grade Bond Index measures the value of the broad U.S. investment-grade bond market, including over 6,000 U.S. Treasury, government agency, corporate and mortgage-backed securities. All bonds in this index must be investment grade (rated at least BBB- or Baa3), have a maturity of at least one year, and a total value outstanding of at least \$200 million.

The Markit CDX North America Investment Grade Index is composed of 125 equally weighted credit default swaps on investment grade entities, distributed among 6 sub-indices: High Volatility, Consumer, Energy, Financial, Industrial, and Technology, Media & Tele-communications. Markit CDX indices roll every 6 months in March & September.

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U.S. Treasury securities are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value.

Taxable Equivalent Yield (TEY) is a method of comparing yields of tax-exempt bonds to those of taxable bonds on a pre-tax basis. TEY is the yield required on a taxable bond to equal the yield of a tax-free bond. It is calculated by dividing the tax-free yield by the reciprocal of the federal tax rate. The highest U.S. tax bracket of 37% is used in the illustration in this material. While interest on municipal bonds is generally exempt from federal income tax, it may be subject to the federal alternative minimum tax, or state or local taxes. In addition, certain municipal bonds, such as Build America Bonds (BAB), are issued without a federal tax exemption, which subjects the related interest income to federal income tax.

The Bloomberg U.S. municipal curve is populated with high quality US municipal bonds with an average rating of AAA from Moody's and S&P. The yield curve is built using non-parametric fit of market data obtained from the Municipal Securities Rulemaking Board, new issues, and other proprietary contributed prices. The curve represents 5% couponing. The 3 month to 10 year points are bullet yields, and the 11 year to 30 year points are yields to worst for a 10-year call.

Yield-to-worst (YTW) is the lowest bond yield generated, given the potential stated calls prior to maturity.

An investment cannot be made in the unmanaged indexes mentioned in this material.

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880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863 // RAYMONDJAMES.COM

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