Fixed Income Weekly Primer

Fixed Income Solutions

A range of economic data releases last week point to continued strength in the US economy. ISM (Institute for Supply Management) Manufacturing index data came in higher than expected (49.0 vs. 48.8 expected). JOLTS Job Openings for May was also higher than anticipated (7,769k vs. 7,300k expected). On Thursday, employment data for June was released and showed ongoing strength in the labor market. The Change in Nonfarm Payrolls was expected to come in at 106,000 but came in solidly higher at 147,000. The Unemployment Rate was projected to rise to 4.3% but moved the other direction, falling from 4.2% to 4.1%. Thursday's strong employment data effectively closed the door on any chance of a Fed Funds rate cut in July. Prior to Thursday, Bloomberg calculations had the chances at ~25%; but following the employment data, those chances are under 5%. Looking forward, a 25 basis point cut is currently priced in for September followed by 1 to 2 additional 25 basis point cuts by the end of the year. This week is light on economic data, with FOMC Meeting Minutes from the June 18 meeting released on Wednesday followed by Initial and Continuing Jobless Claims on Thursday.

Yields were mixed in the holiday-shortened week. Treasuries sold off, taking yields higher across the curve, with most of the moves coming after Thursday's strong employment data. The selloff was strongest in shorter maturities as 1 to 5 year yields rose by 11 to 18 basis points while intermediate and long-term yields rose by 5 to 9 basis points. Investment-grade corporate bond yields also rose across the short and intermediate part of the curve, although by smaller margins than benchmark yields. Yields rose by 1 to 7 basis points as spreads tightened by 6 to 9 basis points. Municipal yields behaved a little differently than their taxable counterparts. Yields on the benchmark AAA curve fell by 2 to 6 basis points inside of 10 years and rose by 2 to 3 basis points out longer. CD rates were lower for the week. The number of available issuers decreased (from 61 to 53). The total number of CDs available decreased (from 121 to 117). 36 issuers listed offerings between 3-months and 1-year averaging a 4.158% yield-to-maturity (vs. last week's 4.309%). 49 issuers listed offerings between 3-months and 5-years averaging a 4.123% yield-to-maturity (vs. last week's 4.305%).

	Friday	WEEK AGO	CHANGE
Equities (Price Appreciation)			
S&P 500	6279.35	6141.02 ▲	138.33
Treasuries (YTW)			
1 yr	4.070	3.960 ▲	0.110
5 yr	3.940	3.790 ▲	0.150
10 yr	4.350	4.260 ▲	0.090
30 yr	4.860	4.810 ▲	0.050
Brokered CDs (YTW)			
3 mo	4.350	4.400 ▼	-0.050
6 mo	4.250	4.300 ▼	-0.050
1 yr	4.000	4.100 ▼	-0.100
3 yr	4.000	3.800 ▲	0.200
5 yr	4.050	N/A	N/A

	Friday	WEEK AGO	CHANGE
Municipal (AAA) (YTW)			
1 yr	2.542	2.589 ▼	-0.047
5 yr	2.658	2.715 ▼	-0.056
10 yr	3.191	3.212 ▼	-0.021
30 yr	4.503	4.475 ▲	0.028
Municipal (AAA) TEY @ 37%			
1 yr	4.034	4.109 ▼	-0.075
5 yr	4.220	4.309 ▼	-0.090
10 yr	5.066	5.098 ▼	-0.033
30 yr	7.147	7.103 ▲	0.044
MBS 30-yr (Current Coupon) (YTW)			
FNMA	5.567	5.474 ▲	0.093
GNMA	5.541	5.449 ▲	0.092

	Friday	WEEK AGO	CHANGE
Corporate Index (A) (YTW)			
1 yr	4.358	4.316 ▲	0.042
5 yr	4.484	4.415 ▲	0.069
10 yr	5.081	5.054 ▲	0.028
30 yr	5.709	5.728 ▼	-0.020
Corporate Index (BBB) (YTW)			
1 yr	4.601	4.591 ▲	0.011
5 yr	4.792	4.750 ▲	0.042
10 yr	5.402	5.393 ▲	0.009
30 yr	6.019	6.052 ▼	-0.033
Other Rates			
SOFR	4.350	4.400 ▼	-0.050
Fed Funds	4.310	4.310 ▬	0.000

Source: Bloomberg LP, Raymond James as of 07/07/25 *All entries are percentage (%) unless otherwise noted.*

DAY	EVENT	PERIOD	SURVEY	PRIOR
Wed	MBA Mortgage Applications	Jul 4	-	2.7%
Wed	Wholesale Inventories MoM	May F	-0.3%	-0.3%
Wed	FOMC Meeting Minutes	Jun 18	-	-
Thurs	Initial Jobless Claims	Jul 5	-	233k
Thurs	Continuing Claims	Jun 28	-	1964k

Available on RaymondJames.com

- Bond Market Commentary
- Weekly Interest Rate Monitor
- Municipal Bond Investor Weekly
- Fixed Income Quarterly

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.

A credit rating of a security is not a recommendation to buy, sell or hold securities and may be subject to review, revisions, suspension, reduction or withdrawal at any time by the assigning rating agency.

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.

A basis point (BP) is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument.

RAYMOND JAMES®

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER

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