

Fixed Income Weekly Primer

Fixed Income Solutions

Yields were mixed last week as markets continue to look for direction amid a stream of economic data and political rhetoric. The highlight of the week on the data front was Friday’s Personal Consumption Expenditures (PCE) data, which is the FOMC’s primary measure of inflation. Both core readings came in higher than the prior month and higher than expected, which helped to push market expectations from 50 to 75 basis points of cuts to the Fed Funds rate by the end of the year (per Bloomberg calculations). Core PCE year-over-year was expected to come in at 2.7% but came in at 2.8% (the prior month’s reading was 2.6%). Also on Friday, the University of Michigan Consumer Sentiment Survey was lower than anticipated while inflation expectations from the same survey were higher than expected.

This week provides a wide range of data points for markets to digest on both the data and political fronts. On Tuesday, JOLTS Job Openings and ISM Manufacturing are released. On Wednesday, Factory Orders and Durable Goods Orders come out, followed by ISM Services and Jobless Claims on Thursday. On Friday, the most anticipated economic release of the week will be released as employment data for March comes out. In between all of that, Wednesday is President Trump’s “Liberation Day,” which is the day he has stated that worldwide tariff announcements will be made.

Treasury yields were mixed last week as shorter yields fell by 2 to 5 basis points while longer maturity yields rose by the same margins. Investment-grade corporate yields were mostly unchanged. Municipal bonds sold off, taking yields higher across the curve. On the AAA municipal curve, yields from 5 to 30 years rose by 13 to 17 basis points from 5 to 30 years.

CD rates were mostly unchanged for the week. The number of available issuers decreased (from 104 to 72). The total number of CDs available decreased (from 210 to 147). 54 issuers listed offerings between 3-months and 1-year averaging a 4.223% yield-to-maturity (vs. last week’s 4.221%). 69 issuers listed offerings between 3-months and 5-years averaging a 4.200% yield-to-maturity (vs. last week’s 4.214%).

	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	5580.94	5667.56	▼ -86.62	1 yr	2.584	2.531	▲ 0.052	1 yr	4.440	4.443	▼ -0.003
Treasuries (YTW)				5 yr	2.892	2.762	▲ 0.130	5 yr	4.623	4.630	▼ -0.007
1 yr	4.040	4.040	▬ 0.000	10 yr	3.231	3.058	▲ 0.173	10 yr	5.144	5.109	▲ 0.035
5 yr	3.980	4.000	▼ -0.020	30 yr	4.253	4.128	▲ 0.124	30 yr	5.689	5.616	▲ 0.073
10 yr	4.270	4.250	▲ 0.020	Municipal (AAA) TEY @ 37%				Corporate Index (BBB) (YTW)			
30 yr	4.640	4.590	▲ 0.050	1 yr	4.101	4.018	▲ 0.083	1 yr	4.723	4.721	▲ 0.002
Brokered CDs (YTW)				5 yr	4.590	4.383	▲ 0.207	5 yr	4.950	4.954	▼ -0.004
3 mo	4.300	4.350	▼ -0.050	10 yr	5.128	4.854	▲ 0.274	10 yr	5.482	5.448	▲ 0.034
6 mo	4.200	4.250	▼ -0.050	30 yr	6.750	6.553	▲ 0.198	30 yr	6.011	5.939	▲ 0.072
1 yr	4.100	4.150	▼ -0.050	MBS 30-yr (Current Coupon) (YTW)				Other Rates			
3 yr	4.100	4.150	▼ -0.050	FNMA	5.541	5.503	▲ 0.038	SOFR	4.340	4.300	▲ 0.040
5 yr	4.100	4.150	▼ -0.050	GNMA	5.461	5.470	▼ -0.009	Fed Funds	4.310	4.310	▬ 0.000

Source: Bloomberg LP, Raymond James as of 03/31/25 All entries are percentage (%) unless otherwise noted.

DAY	EVENT	PERIOD	SURVEY	PRIOR
Tues	JOLTS Job Openings	Feb	7680k	7740k
Tues	ISM Manufacturing	Mar	49.5	50.3
Wed	Durable Goods Orders	Feb F	0.9%	0.9%
Fri	Change in Nonfarm Payrolls	Mar	138k	151k
Fri	Unemployment Rate	Mar	4.1%	4.1%

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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.

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.

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