Fixed Income Weekly Primer

Fixed Income Solutions

Yields were mixed last week in what was a volatile week across fixed income markets. As expected, the FOMC left the Fed Funds rate unchanged. The post-meeting statement was also virtually unchanged from the prior month. While there were no policy changes, there were three dissents who were in favor of a 25 basis points increase to the Fed Funds rate. Chair Warsh's post-meeting press conference left the markets unsatisfied as he provided little clarity into the future path of FOMC policy. Long-term yields pushed higher while short-term yields fell as markets digested the FOMC meeting over the course of Wednesday afternoon. Personal Consumption Expenditures (PCE) was released on Thursday and came in mostly in line with expectations. Headline PCE year-over-year was 3.7% (down from 4.1% the prior month) while core came in at 3.3% (down from 3.4% the prior month). While directionally positive for the FOMC, 3.3% is well above its stated 2% goal for inflation. This week is heavy on economic releases. Trade Balance, Factory Orders, Durable Goods Orders, and JOLTS Job Openings are released on Tuesday. Wednesday provides ADP Employment Change, S&P PMI data, and ISM Services data. Friday will provide the most anticipated data of the week when employment data is released. Expectations are for the Change in Nonfarm Payrolls to come in at 86,000 while the Unemployment Rate is anticipated to go unchanged at 4.2%.

The yield curve steepened last week as short-term yields moved lower while intermediate and long-term yields rose. Treasury yields from 1 to 2 years fell by 5 to 6 basis points as longer-term yields rose by 6 to 11 basis points. Investment-grade corporate spreads tightened slightly which meant short-term yields were 6 to 8 basis points lower and intermediate maturity yields finished the week within a few basis points from where they started. Municipal yields were mostly unchanged as the benchmark AAA curve finished the week +/- 2 basis points from where it started from 1 to 30 years. CD rates saw ~5 basis points decreases from the highest rates we saw in the previous week. The number of available issuers decreased from 73 to 52, and total offerings decreased from 128 to 95. The average rate for 3-month to 1-year maturities remained at 4.00%, unchanged from the previous week. The average rate for 2-year to 5-year maturities decreased from 4.31% to 4.30%. Offerings remained concentrated on the front end of the curve, with 45 offerings in the 3-month to 1-year maturity range.

Economic data release estimates cited are per Bloomberg surveys.

	Friday	WEEK AGO	CHANGE
Equities (Price Appreciation)			
S&P 500	7489.72	7411.98	77.74
Treasuries (YTW)			
1 yr	4.080	4.140	-0.060
5 yr	4.450	4.430	0.020
10 yr	4.750	4.690	0.060
30 yr	5.270	5.160	0.110
Brokered CDs (YTW)			
3 mo	3.950	3.950	0.000
6 mo	4.000	4.000	0.000
1 yr	4.150	4.150	0.000
3 yr	4.350	4.400	-0.050
5 yr	4.400	4.400	0.000

	Friday	WEEK AGO	CHANGE
Municipal (AAA) (YTW)			
1 yr	2.513	2.520	-0.007
5 yr	2.894	2.879	0.015
10 yr	3.303	3.296	0.007
30 yr	4.455	4.468	-0.013
Municipal (AAA) TEY @ 37%			
1 yr	3.989	4.000	-0.011
5 yr	4.594	4.570	0.025
10 yr	5.243	5.232	0.012
30 yr	7.071	7.091	-0.021
MBS 30-yr (Current Coupon) (YTW)			
FNMA	5.748	5.710	0.038
GNMA	5.658	5.597	0.061

	Friday	WEEK AGO	CHANGE
Corporate Index (A) (YTW)			
1 yr	4.337	4.414	-0.077
5 yr	4.954	4.971	-0.016
10 yr	5.489	5.469	0.020
30 yr	6.117	6.046	0.071
Corporate Index (BBB) (YTW)			
1 yr	4.555	4.627	-0.071
5 yr	5.214	5.223	-0.009
10 yr	5.762	5.742	0.020
30 yr	6.418	6.353	0.065
Other Rates			
SOFR	3.660	3.640	0.020
Fed Funds	3.620	3.620	0.000

Source: Bloomberg LP, Raymond James as of 08/03/26 All entries are percentage (%) unless otherwise noted.

DAY	EVENT	PERIOD	SURVEY	PRIOR
Tues	JOLTS Job Openings	June	7504k	7594k
Wed	ADP Employment Change	July	65k	98k
Fri	Change in Nonfarm Payrolls	July	80k	57k
Fri	Unemployment Rate	July	4.2%	4.2%
Fri	Labor Force Participation Rate	July	61.6%	61.5%

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

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The S&P 500 is an index of 500 widely held securities meant to reflect the risk/return characteristics of the large cap universe.

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.

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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.

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.

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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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