Fixed Income Weekly Primer

Fixed Income Solutions

Yields pushed higher last week as increased tensions in the Middle East pushed the price of oil higher. Two inflation readings (PPI and CPI) are influencing the markets to price in a ~90% chance that the FOMC will increase the Fed Funds rate by 25 basis points at this week's meeting. Those odds were at ~60% at the start of last week. Oil finished the week in triple-digit prices, increasing by over 15% since the start of the month. August CPI (Consumer Price Index) data came in mostly as anticipated although the core monthly reading was higher than expected at 0.3% (0.2% was expected). The 10-year Treasury yield came close to touching 5% while the 30-year touched 5.37%. Thursday's $22 billion 30-year auction came in at 5.308%, which was the highest auction yield since 2001, although there was notably strong demand as the auction yield was ~3 basis points lower than the when-issued yield. The 10-year $58 billion Treasury auction came with even stronger demand and a bid-to-cover of 2.71. The main event this week is the FOMC meeting where, as noted above, a 25 basis point hike is expected by markets. There will also be an updated Summary of Economic Projections, which provides meaningful insight into how FOMC members view the future path of the economy and interest rates. Retail Sales and Import/Export Price Index data will be released on Wednesday, followed by housing data on Thursday and Industrial Production data on Friday. Brent crude oil prices jumped 6.3% higher to over $107/barrel fueling inflationary fears.

Treasury yields were higher across the curve by 11 to 26 basis points with the largest move coming at the 2-year maturity. Year-to-date, the 2 to 5 year part of the curve is over 100 basis points higher while the 10 to 30 year part of the curve is 50 to 70 basis points higher. Investment-grade corporate yields followed Treasuries higher by similar margins as spreads were mostly unchanged for the week. High-yield spreads widened by ~6 basis points. Investment-grade corporate issuance was ~$68 billion bringing the year's total to more than $1.5 trillion with strong demand absorbing the issuance. Municipal yields continued their march higher as the benchmark AAA curve was up by 19 to 23 basis points. This pushed muni-Treasury ratios higher as well, which now sit at ~75% at 10-year and ~92% at 30-years. CD rates increased ~5 basis points across the front end the curve while increasing ~10 basis points in longer maturities. The number of available issuers increased from 101 to 126, and total offerings increased from 179 to 233. The average rate for 3-month to 1-year maturities increased to 3.99%, from 3.93% the previous week. The average rate for 2-year to 5-year maturities increased to 4.50% from 4.37%. Offerings remained concentrated on the front end of the curve, with 136 offerings in the 3-month to 1-year maturity range.

Economic data release estimates cited are per Bloomberg's surveys.

	Friday	WEEK AGO	CHANGE
Equities (Price Appreciation)			
S&P 500	7656.98	7718.60	-61.62
Treasuries (YTW)			
1 yr	4.350	4.130	0.220
5 yr	4.780	4.540	0.240
10 yr	4.960	4.780	0.180
30 yr	5.350	5.240	0.110
Brokered CDs (YTW)			
3 mo	3.950	3.850	0.100
6 mo	4.050	4.000	0.050
1 yr	4.150	4.100	0.050
3 yr	4.450	4.400	0.050
5 yr	4.600	4.500	0.100

	Friday	WEEK AGO	CHANGE
Municipal (AAA) (YTW)			
1 yr	2.685	2.496	0.189
5 yr	3.160	2.942	0.218
10 yr	3.684	3.452	0.232
30 yr	4.850	4.663	0.187
Municipal (AAA) TEY @ 37%			
1 yr	4.262	3.962	0.300
5 yr	5.016	4.669	0.346
10 yr	5.848	5.479	0.369
30 yr	7.699	7.402	0.297
MBS 30-yr (Current Coupon) (YTW)			
FNMA	6.040	5.780	0.260
GNMA	5.989	5.735	0.255

	Friday	WEEK AGO	CHANGE
Corporate Index (A) (YTW)			
1 yr	4.619	4.408	0.211
5 yr	5.320	5.082	0.238
10 yr	5.769	5.577	0.192
30 yr	6.219	6.121	0.098
Corporate Index (BBB) (YTW)			
1 yr	4.821	4.614	0.207
5 yr	5.582	5.344	0.238
10 yr	6.023	5.836	0.187
30 yr	6.478	6.391	0.087
Other Rates			
SOFR	3.620	3.650	-0.030
Fed Funds	3.620	3.620	0.000

Source: Bloomberg LP, Raymond James as of 09/14/26 *All entries are percentage (%) unless otherwise noted.*

DAY	EVENT	PERIOD	SURVEY	PRIOR
Tues	Retail Sales Advance MoM	Aug	0.8%	-0.6%
Wed	FOMC Rate Decision (Upper)	Sept 16	3.75%	3.75%
Thurs	Initial Jobless Claims	Sept 12	208k	206k
Thurs	Continuing Claims	Sept 5	1718k	1774k
Fri	Industrial Production MoM	Aug	0.3%	0.2%

Available on RaymondJames.com

- 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.

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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