RAYMOND JAMES

April 29, 2024

Fixed Income Weekly Primer

Fixed Income Solutions

Last week, Treasuries fell slightly raising yields a mere 3 to 6 basis points on the intermediate to long end of the curve. The week felt like a microcosm of the year, raising indecisiveness among investors trying to interpret the economic data and anticipate the Fed's policy moves. Investors awaited the Personal Consumption Expenditure (PCE) release, the Fed's favored inflation indicator. PCE was reported at slightly higher than expected levels with the PCE Deflator year-over-year at 2.7%, up from the prior month's 2.5%. Inflation once again proves to be sticky and a difficult hurdle for the Fed to tame to their target 2% level. The Gross Domestic Product (GDP) showed a big miss at 1.6% down from the prior 3.4% release. Still, consumers continue to spend as reflected by a strong Personal Spending release and corporations' beat earnings expectations. The battle reflecting robust versus deficient data continues and so does volatility as investors corral and interpret data attempting to get ahead of the curve's directional move. This week the Federal Open Market Committee meets for the third time this year with their policy announcement on Wednesday. It is largely anticipated that they will leave Fed policy unchanged. The payroll data released on Friday may be the more impactful market mover should it reflect any meaningful divergence from expectations.

Municipal yields increased between 5 to 7 basis points across the curve last week. The municipal curve remains upward-sloping between 10 and 30 years providing high levels of tax equivalent yields, especially in the 20 to 30 year range for investors in the highest tax brackets. Both municipal and corporate bond yields benefitted from the Treasury rate increase. Corporate yields remained relatively flat despite the spread narrowing. Corporate bond yields stay elevated relative to other products in the short-to-intermediate part of the yield curve.

CD rates were mostly higher for the week. The number of available issuers increased (from 75 to 85). The total number of CDs available increased (from 166 to 175). 56 issuers listed offerings between 3 months and 1 year totaling $14mm (vs. last week's $14.5mm) and averaging a 5.215% yield-to-maturity (vs. last week's 5.221%). 74 issuers listed offerings between 3 months and 5 years totaling $18.25mm (vs. last week's $17.25mm) and averaging a 5.157% yield-to-maturity (vs. last week's 5.147%).

	Friday	WEEK AGO	CHANGE
Equities (Price Appreciation)			
S&P 500	5099.96	4967.23 ▲	132.73
Treasuries (YTW)			
1 yr	5.210	5.170 ▲	0.040
5 yr	4.680	4.660 ▲	0.020
10 yr	4.670	4.620 ▲	0.050
30 yr	4.780	4.720 ▲	0.060
Brokered CDs (YTW)			
3 mo	5.350	5.400 ▼	-0.050
6 mo	5.300	5.250 ▲	0.050
1 yr	5.150	5.100 ▲	0.050
3 yr	4.850	4.800 ▲	0.050
5 yr	4.550	4.500 ▲	0.050

	Friday	WEEK AGO	CHANGE
Municipal (AAA) (YTW)			
1 yr	3.463	3.406 ▲	0.057
5 yr	2.788	2.719 ▲	0.069
10 yr	2.783	2.721 ▲	0.062
30 yr	3.955	3.909 ▲	0.046
Municipal (AAA) TEY @ 37%			
1 yr	5.497	5.407 ▲	0.090
5 yr	4.426	4.317 ▲	0.109
10 yr	4.418	4.319 ▲	0.099
30 yr	6.278	6.205 ▲	0.073
MBS 30-yr (Current Coupon) (YTW)			
FNMA	6.158	6.150 ▲	0.008
GNMA	5.941	5.975 ▼	-0.034

	Friday	WEEK AGO	CHANGE
Corporate Index (A) (YTW)			
1 yr	5.507	5.512 ▼	-0.005
5 yr	5.222	5.218 ▲	0.004
10 yr	5.518	5.502 ▲	0.017
30 yr	5.725	5.687 ▲	0.039
Corporate Index (BBB) (YTW)			
1 yr	5.869	5.875 ▼	-0.006
5 yr	5.575	5.583 ▼	-0.007
10 yr	5.914	5.906 ▲	0.008
30 yr	6.050	6.021 ▲	0.029
Other Rates			
3m LIBOR	5.591	5.588 ▲	0.003
Fed Funds	5.310	5.310 ▬	0.000

Source: Bloomberg LP, Raymond James as of 04/29/24 *All entries are percentage (%) unless otherwise noted.*

DAY	EVENT	PERIOD	SURVEY	PRIOR
Wed	JOLTS Job Openings	Mar	8665k	8756k
Wed	ISM Manufacturing	Apr	50.1	50.3
Wed	FOMC Rate Decision	May 1	5.50%	5.50%
Fri	Average Hourly Earning YoY	Apr	4.0%	4.1%
Fri	Unemployment Rate	Apr	3.8%	3.8%

Available on RaymondJames.com

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

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Investors should discuss the risks inherent in bonds with their Raymond James Financial Advisor. Risks include, but are not limited to, changes in interest rates, liquidity, credit quality, volatility, and duration. Past performance is no assurance of future results.

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.

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.

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Ref. M24-384393 until 1/10/2025