RAYMOND JAMES

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Fixed Income Weekly Primer

Fixed Income Solutions

Bonds sold off last week across the fixed income landscape, taking prices lower and yields higher. Treasury yields increased by at least 10 basis points across the curve with intermediate maturities seeing the biggest boost with 5 to 10 year yields rising by 17 to 19 basis points. Since their near-term lows in mid-September, Treasury yields from 2 to 30 years are 50 to 60 basis points higher. Municipal yields sold off sharply earlier in the week before rallying on Friday to give some of the yield pick-up back. Even with Friday's pullback in yields, the benchmark AAA municipal curve rose by 20 to 27 basis points from 5 to 30 years, which for a top tax bracket investor translates to taxable equivalent yield increases of 32 to 43 basis points for the week. Muni-Treasury ratios ticked up slightly and are currently at ~71% at 10-years and ~84% at 30 years.

Markets will have an enormous amount of information to digest over the next two weeks, so preparing for potential volatility is advisable. This week brings a wide range of important economic data points that will help to shape market participants' views about the economy and future FOMC policy decisions. Highlighting the data releases this week are JOLTS Job Openings on Tuesday (8,000k expected), 3rd Quarter Annualized GDP on Wednesday (3.0% expected), Personal Consumption Expenditures (PCE) data on Thursday, and employment data on Friday. Core PCE year-over-year, which is the FOMC's preferred gauge for measuring inflation, is expected to fall from 2.7% to 2.6% while the monthly core reading is projected to rise from 0.1% to 0.2% according to Bloomberg. For the employment data, the Change in Nonfarm Payrolls is expected to fall from 223,000 to 70,000, although the estimates cover a wide range given the unknown effects from the Boeing strikes and multiple serious hurricanes. The unemployment rate is expected to remain at 4.1%. Next week, focus turns to Washington with the election on Tuesday followed by the FOMC meeting and corresponding Fed Funds rate decision on Thursday.

CD rates were mixed for the week. The number of available issuers increased (from 85 to 109). The total number of CDs available increased (from 160 to 223). 78 issuers listed offerings between 3-months and 1-year totaling $19.5mm (vs. last week's $12.75mm) and averaging a 4.264% yield-to-maturity (vs. last week's 4.200%). 108 issuers listed offerings between 3-months and 5-years totaling $27mm (vs. last week's $18.75mm) and averaging a 4.188% yield-to-maturity (vs. last week's 4.119%).

	Friday	WEEK AGO	CHANGE
Equities (Price Appreciation)			
S&P 500	5808.12	5864.67 ▼	-56.55
Treasuries (YTW)			
1 yr	4.290	4.190 ▲	0.100
5 yr	4.070	3.880 ▲	0.190
10 yr	4.250	4.080 ▲	0.170
30 yr	4.510	4.380 ▲	0.130
Brokered CDs (YTW)			
3 mo	4.550	4.550 ▬	0.000
6 mo	4.350	4.350 ▬	0.000
1 yr	4.150	4.100 ▲	0.050
3 yr	3.900	3.850 ▲	0.050
5 yr	3.950	3.800 ▲	0.150

	Friday	WEEK AGO	CHANGE
Municipal (AAA) (YTW)			
1 yr	2.832	2.731 ▲	0.101
5 yr	2.673	2.451 ▲	0.223
10 yr	2.989	2.717 ▲	0.272
30 yr	3.794	3.589 ▲	0.204
Municipal (AAA) TEY @ 37%			
1 yr	4.495	4.336 ▲	0.160
5 yr	4.243	3.890 ▲	0.353
10 yr	4.744	4.312 ▲	0.432
30 yr	6.021	5.697 ▲	0.324
MBS 30-yr (Current Coupon) (YTW)			
FNMA	5.693	5.409 ▲	0.284
GNMA	5.621	5.360 ▲	0.261

	Friday	WEEK AGO	CHANGE
Corporate Index (A) (YTW)			
1 yr	4.607	4.508 ▲	0.099
5 yr	4.573	4.390 ▲	0.183
10 yr	5.020	4.849 ▲	0.172
30 yr	5.430	5.286 ▲	0.144
Corporate Index (BBB) (YTW)			
1 yr	4.964	4.877 ▲	0.087
5 yr	4.927	4.753 ▲	0.174
10 yr	5.385	5.217 ▲	0.169
30 yr	5.778	5.637 ▲	0.141
Other Rates			
SOFR	4.830	4.840 ▼	-0.010
Fed Funds	4.810	4.810 ▬	0.000

Source: Bloomberg LP, Raymond James as of 10/28/24 *All entries are percentage (%) unless otherwise noted.*

DAY	EVENT	PERIOD	SURVEY	PRIOR
Thurs	Personal Income	Sept	0.3%	0.2%
Thurs	PCE Price Index YoY	Sept	2.1%	2.2%
Thurs	Core PCE Price Index YoY	Sept	2.6%	2.7%
Fri	Change in Nonfarm Payrolls	Oct	110k	254k
Fri	Unemployment Rate	Oct	4.1%	4.1%

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.

Investment products are: not deposits, not FDIC/NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk and may lose value.

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

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