Fixed Income Weekly Primer

Fixed Income Solutions

Given the unprecedented US attacks on Iranian nuclear facilities over the weekend, the markets start the trading week in a relatively calm manner. Developments in the coming days and weeks regarding any retaliation by Iran, including a decision on whether or not to close the Strait of Hormuz (through which ~20% of the world's oil supply travels) could significantly influence the financial markets. During last week's 4-day trading week, yields moved marginally lower across the fixed income space. The FOMC met last week and, as expected, left the Fed Funds rate unchanged at 4.25% to 4.50%. Notably, they changed the language in their official statement to reflect that their "uncertainty about the economic outlook has diminished but remains elevated." Looking forward, markets are currently pricing in two 25 basis point cuts to the Fed Funds rate by the end of the year, with no action expected at July's meeting.

This week provides a range of closely watched data releases for markets to digest. On Tuesday, the Conference Board Consumer Confidence data for June is released with markets expecting an increase from last month. Thursday provides GDP data, Durable Goods Orders, and Jobless Claims. On Friday, PCE (Personal Consumption Expenditures) data for May is released. The FOMC's preferred gauge for measuring inflation is expected to increase year-over-year and remain unchanged month-over-month. Core PCE year-over-year is expected to increase from 2.5% to 2.6% which would be a move in the opposite direction of the FOMC's goals.

Treasury yields fell by 1 to 6 basis points with the 2 to 10 year part of the curve seeing the biggest declines. Investment-grade corporate yields fell by similar margins as spreads were mostly unchanged. Municipal yields followed their taxable counterparts lower, with yields across the benchmark AAA curve falling by 1 to 4 basis points. CD rates were mixed for the week. The number of available issuers decreased (from 95 to 75). The total number of CDs available decreased (from 208 to 142). 43 issuers listed offerings between 3-months and 1-year averaging a 4.348% yield-to-maturity (vs. last week's 4.338%). 70 issuers listed offerings between 3-months and 5-years averaging a 4.302% yield-to-maturity (vs. last week's 4.301%).

	Friday	WEEK AGO	CHANGE
Equities (Price Appreciation)			
S&P 500	5967.84	5976.97	-9.13
Treasuries (YTW)			
1 yr	4.070	4.090	-0.020
5 yr	3.960	4.020	-0.060
10 yr	4.380	4.410	-0.030
30 yr	4.890	4.900	-0.010
Brokered CDs (YTW)			
3 mo	4.400	4.400	0.000
6 mo	4.350	4.400	-0.050
1 yr	4.250	4.350	-0.100
3 yr	4.250	4.250	0.000
5 yr	4.300	4.300	0.000

	Friday	WEEK AGO	CHANGE
Municipal (AAA) (YTW)			
1 yr	2.631	2.667	-0.036
5 yr	2.758	2.790	-0.033
10 yr	3.249	3.273	-0.024
30 yr	4.491	4.499	-0.008
Municipal (AAA) TEY @ 37%			
1 yr	4.176	4.233	-0.057
5 yr	4.377	4.429	-0.052
10 yr	5.157	5.195	-0.039
30 yr	7.129	7.141	-0.013
MBS 30-yr (Current Coupon) (YTW)			
FNMA	5.689	5.718	-0.029
GNMA	5.662	5.711	-0.049

	Friday	WEEK AGO	CHANGE
Corporate Index (A) (YTW)			
1 yr	4.403	4.448	-0.045
5 yr	4.570	4.615	-0.045
10 yr	5.181	5.216	-0.035
30 yr	5.805	5.821	-0.016
Corporate Index (BBB) (YTW)			
1 yr	4.673	4.723	-0.050
5 yr	4.908	4.958	-0.051
10 yr	5.522	5.558	-0.036
30 yr	6.122	6.133	-0.011
Other Rates			
SOFR	4.290	4.280	0.010
Fed Funds	4.310	4.310	0.000

Source: Bloomberg LP, Raymond James as of 06/23/25 *All entries are percentage (%) unless otherwise noted.*

DAY	EVENT	PERIOD	SURVEY	PRIOR
Tues	Conf Bd Consumer Confidence	June	99.8	98.0
Thurs	Durable Goods Orders	May P	8.5%	-6.3%
Fri	PCE YoY	May	2.3%	2.1%
Fri	Core PCE YoY	May	2.6%	2.5%
Fri	Personal Income	May	0.3%	0.8%

Available on RaymondJames.com

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

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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.

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. M24-674951 through 12/17/2025