

# Fixed Income Weekly Primer

Fixed Income Solutions

The Iran/U.S. conflict, in week eight, lies in limbo with Iran promising to reopen the Strait of Hormuz in exchange for Washington ending its blockade of Iranian ports. Their hope is to deal with Iran’s nuclear program later in the interest of getting the world’s oil flow back on track, lower fuel prices, and ease the pressure on the global economy. The U.S. has not been willing to negotiate without the premise that Iran never have a nuclear weapon’s program. Domestically, with the Department of Justice dropping its probe on Fed Chair Powell, the senate seems willing to move forward with Kevin Warsh’s nomination as the new Federal Reserve chairperson. This turnaround suggests that this week’s Federal Open Market Committee meeting may be the last that Fed Chair Powell heads, as his term ends in May. It is highly anticipated that the Fed’s decision will be to leave interest rates unchanged. Personal Income, Personal Spending, and Personal Consumption Expenditures data are all to be released Thursday, one day after the FOMC’s rate decision. ISM manufacturing data will also be released late this week. These headlines follow last week’s light data releases which did reveal better than expected Retail Sales and Pending Home sales. The U.S. consumer appears resilient in light of the heavy geopolitical and domestic news.

Last week, interest rates pushed slightly higher across the Treasury curve. The 2 to 10 year maturities were up between 5 to 8 basis points. The 10-year Treasury is back up over 4.30%. Year-to-date, the 10-year Treasury has closed between 3.97% and 4.44%. Spreads on corporate bonds have traded tight all year relative to longer-term averages. However, nominal corporate yields remain attractive with the elevated Treasury interest rate environment. Municipal bonds have benefitted the same and also reap the benefits of a steep long-term slope on the municipal curve. As long as the general interest rate environment remains high, fixed income products offer many income benefits.

*Economic data release estimates cited are per Bloomberg surveys.*

	Friday	WEEK AGO	CHANGE		Friday	WEEK AGO	CHANGE		Friday	WEEK AGO	CHANGE
<b>Equities (Price Appreciation)</b>				<b>Municipal (AAA) (γTW)</b>				<b>Corporate Index (A) (γTW)</b>			
S&P 500	7165.08	7126.06	▲ 39.02	1 yr	2.290	2.257	▲ 0.033	1 yr	4.029	3.990	▲ 0.039
<b>Treasuries (γTW)</b>				5 yr	2.396	2.385	▲ 0.011	5 yr	4.451	4.377	▲ 0.074
1 yr	3.670	3.640	▲ 0.030	10 yr	2.844	2.838	▲ 0.007	10 yr	5.049	4.986	▲ 0.064
5 yr	3.920	3.840	▲ 0.080	30 yr	4.242	4.246	▼ -0.003	30 yr	5.747	5.713	▲ 0.034
10 yr	4.310	4.260	▲ 0.050	<b>Municipal (AAA) TEY @ 37%</b>				<b>Corporate Index (BBB) (γTW)</b>			
30 yr	4.910	4.880	▲ 0.030	1 yr	3.634	3.582	▲ 0.052	1 yr	4.325	4.297	▲ 0.027
<b>Brokered CDs (γTW)</b>				5 yr	3.803	3.785	▲ 0.018	5 yr	4.764	4.694	▲ 0.070
3 mo	3.900	3.950	▼ -0.050	10 yr	4.515	4.504	▲ 0.011	10 yr	5.359	5.302	▲ 0.057
6 mo	3.950	3.900	▲ 0.050	30 yr	6.734	6.739	▼ -0.005	30 yr	6.049	6.013	▲ 0.036
1 yr	3.950	3.950	▲ 0.000	<b>MBS 30-yr (Current Coupon) (γTW)</b>				<b>Other Rates</b>			
3 yr	3.950	4.000	▼ -0.050	FNMA	5.205	5.118	▲ 0.087	SOFR	3.660	3.650	▲ 0.010
5 yr	4.050	4.100	▼ -0.050	GNMA	5.100	5.022	▲ 0.079	Fed Funds	3.640	3.640	▲ 0.000

Source: Bloomberg LP, Raymond James as of 04/27/26 All entries are percentage (%) unless otherwise noted.

DAY	EVENT	PERIOD	SURVEY	PRIOR
Wed	FOMC Rate Decision (Upper)	Apr 29	3.75%	3.75%
Thurs	Core PCE YoY	Mar	3.2%	3.0%
Thurs	PCE YoY	Mar	3.5%	2.8%
Thurs	GDP Annualized QoQ	1Q A	2.2%	0.5%
Fri	ISM Manufacturing	Apr	53.2	52.7

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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.

Municipal securities typically provide a lower yield than comparably rated taxable investments in consideration of their tax-advantaged status. Investments in municipal securities may not be appropriate for all investors, particularly those who do not stand to benefit from the tax status of the investment. Please consult an income tax professional to assess the impact of holding such securities on your tax liability.

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. M25-958122 through 12/10/2026