

Fixed Income Weekly Primer

Fixed Income Solutions

Market participants received a range of economic data to digest last week. Durable Goods Orders for December fell from the prior month but came in higher than anticipated. Month-over-month Industrial Production unexpectedly increased from 0.4% to 0.7%. GDP (Gross Domestic Product) came in much lower than expected, at 1.4% (2.8% was projected). GDP was dragged lower by government consumption and investment as a result of the government shutdown. The December trade deficit was \$70.3 billion which put the 2025 trade deficit at \$901.5 billion, essentially unchanged from 2024's trade deficit of \$903.5 billion. To cap the week off, on Friday the Supreme Court ruled that the President was not authorized to implement tariffs under the International Emergency Economic Powers Act (IEEPA). Within a few hours of the Supreme Court decision, President Trump held a press briefing in which he announced he was implementing a 10% global tariff (which was then increased to 15% on Saturday) using non-IEEPA avenues. Markets will spend this week trying to get a handle on what the new tariff landscape looks like as there are many unanswered questions regarding tariff levels, trade deals, and tariff refunds, to name a few.

This week, the Conference Board's Consumer Confidence data will be released on Tuesday, along with Wholesale Inventory data. Initial Jobless Claims and Continuing Claims data comes out on Thursday. On Friday, PPI (Producer Price Index) data for January is released with both month-over-month and year-over-year PPI expected to fall.

Yields were mixed last week. Treasuries sold off, taking prices lower and yields higher. Yields on the short-end of the curve were higher by 8 to 9 basis points while intermediate and longer-term yields rose by 3 to 4 basis points. Investment-grade corporate yields followed benchmark yields higher but by smaller margins. Both the A-rated and BBB-rated curves edged higher by 1 to 4 basis points. Investment-grade spreads tightened by 2 to 3 basis points while high-yield spreads came in by ~9 basis points. Municipal yields moved lower across the curve as the benchmark AAA curve ended the week 1 to 4 basis points lower. CD rates saw a ~5 basis point increase on offerings within 1 year, while 2-year+ rates remained mostly unchanged. The number of available issuers increased from 70 to 76, and the total number of offerings increased from 128 to 139. The average rate for maturities in the 3-month to 1-year range was 3.73% (up from 3.71%), and the average rate for the 2-year to 5-year range was 3.78% (up from 3.76%). Most offerings were concentrated on the front end of the curve, with 86 offerings in the 3-month to 1-year maturity range.

Economic data release estimates cited are per Bloomberg surveys.

	Friday	WEEK AGO	CHANGE		Friday	WEEK AGO	CHANGE		Friday	WEEK AGO	CHANGE
Equities (Price Appreciation)				Municipal (AAA) (γTW)				Corporate Index (A) (γTW)			
S&P 500	6909.51	6836.17	▲ 73.34	1 yr	2.049	2.056	▼ -0.008	1 yr	3.761	3.736	▲ 0.025
Treasuries (γTW)				5 yr	2.089	2.097	▼ -0.009	5 yr	4.158	4.138	▲ 0.021
1 yr	3.510	3.420	▲ 0.090	10 yr	2.493	2.513	▼ -0.021	10 yr	4.807	4.797	▲ 0.010
5 yr	3.650	3.610	▲ 0.040	30 yr	4.082	4.120	▼ -0.038	30 yr	5.562	5.554	▲ 0.007
10 yr	4.080	4.040	▲ 0.040	Municipal (AAA) TEY @ 37%				Corporate Index (BBB) (γTW)			
30 yr	4.720	4.690	▲ 0.030	1 yr	3.252	3.264	▼ -0.012	1 yr	4.004	3.986	▲ 0.018
Brokered CDs (γTW)				5 yr	3.315	3.329	▼ -0.014	5 yr	4.458	4.436	▲ 0.023
3 mo	3.850	3.750	▲ 0.100	10 yr	3.956	3.989	▼ -0.033	10 yr	5.095	5.085	▲ 0.010
6 mo	3.750	3.750	0.000	30 yr	6.480	6.540	▼ -0.060	30 yr	5.843	5.836	▲ 0.007
1 yr	3.800	3.700	▲ 0.100	MBS 30-yr (Current Coupon) (γTW)				Other Rates			
3 yr	3.850	3.850	0.000	FNMA	4.874	4.850	▲ 0.025	SOFR	3.660	3.660	0.000
5 yr	3.950	3.950	0.000	GNMA	4.936	4.912	▲ 0.024	Fed Funds	3.640	3.640	0.000

Source: Bloomberg LP, Raymond James as of 02/23/26 All entries are percentage (%) unless otherwise noted.

DAY	EVENT	PERIOD	SURVEY	PRIOR
Tues	Conf Bd Consumer Confidence	Feb	87.0	84.5
Tues	Wholesale Inventories MoM	Dec F	0.2%	0.2%
Thurs	Initial Jobless Claims	Feb 21	216k	206k
Fri	PPI Final Demand MoM	Jan	0.3%	0.5%
Fri	PPI Final Demand YoY	Jan	2.6%	3.0%

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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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