

# Fixed Income Weekly Primer

## Fixed Income Solutions

2026 kicks off with yields across the bond market remaining attractive and providing investors with the continued opportunity to lock in historically elevated yields for years to come. Treasury yields are mostly lower than a year ago, with short-end yields being driven lower by actions by the FOMC. The Fed Funds rate was lowered by 75 basis points in 2025, with the 2-year Treasury yield correspondingly falling by just over 80 basis points year-over-year. Intermediate and longer-term yields have seen diminishing effects of the changes to the Fed Funds rate, as the 10-year yield is ~41 basis points lower, while the 30-year yield is actually slightly higher over the same timeframe. Investment-grade corporate yields followed a similar path as benchmark yields last year, with yields moving lower and larger moves on the shorter end of the curve. Despite the move lower in the yields for most of the taxable market, they remain at historically attractive levels. Yields in the mid-4% to over 5% range are available in high-quality (investment-grade) corporate bond portfolios across the intermediate part of the curve. Municipal yields followed their taxable counterparts lower on the shorter half of the curve as yields inside of 15 years are lower year-over-year. The tax-exempt market diverged from the taxable market on the long end of the curve, with yields rising by 30 basis points or more. As was the case for most of 2025, 2026 starts by continuing to offer investors tremendous value on the long end of the curve, as taxable-equivalent yields in the mid-7% range are readily available in high-quality municipals (assuming a 40.08% federal tax bracket).

Looking at the upcoming week, a range of important economic data releases are on tap. ISM Manufacturing data comes out on Monday followed by ISM Services data on Wednesday. JOLTS Job Openings, Durable Goods Orders, and Factory Orders also come out on Wednesday. On Friday, employment data for December is released, highlighted by the Change in Nonfarm Payrolls and the Unemployment rate.

Friday	WEEK AGO	CHANGE	Friday	WEEK AGO	CHANGE	Friday	WEEK AGO	CHANGE
<b>Equities (Price Appreciation)</b>			<b>Municipal (AAA) (YTW)</b>			<b>Corporate Index (A) (YTW)</b>		
S&P 500	6858.47	6929.94 ▼ -71.47	1 yr	2.468	2.470 ▼ -0.003	1 yr	3.830	3.855 ▼ -0.025
<b>Treasuries (YTW)</b>			5 yr	2.360	2.367 ▼ -0.007	5 yr	4.245	4.204 ▲ 0.040
1 yr	3.470	3.490 ▼ -0.020	10 yr	2.704	2.710 ▼ -0.005	10 yr	4.922	4.856 ▲ 0.066
5 yr	3.740	3.680 ▲ 0.060	30 yr	4.132	4.129 ▲ 0.003	30 yr	5.685	5.625 ▲ 0.060
10 yr	4.190	4.140 ▲ 0.050	<b>Municipal (AAA) TEY @ 37%</b>			<b>Corporate Index (BBB) (YTW)</b>		
30 yr	4.860	4.810 ▲ 0.050	1 yr	3.917	3.921 ▼ -0.004	1 yr	4.073	4.088 ▼ -0.015
<b>Brokered CDs (YTW)</b>			5 yr	3.746	3.758 ▼ -0.012	5 yr	4.553	4.508 ▲ 0.046
3 mo	3.550	3.850 ▼ -0.300	10 yr	4.293	4.301 ▼ -0.009	10 yr	5.215	5.148 ▲ 0.066
6 mo	3.600	3.700 ▼ -0.100	30 yr	6.559	6.555 ▲ 0.005	30 yr	5.974	5.918 ▲ 0.057
1 yr	3.550	3.650 ▼ -0.100	<b>MBS 30-yr (Current Coupon) (YTW)</b>			<b>Other Rates</b>		
3 yr	3.700	3.750 ▼ -0.050	FNMA	5.089	5.033 ▲ 0.056	SOFR	3.750	3.760 ▼ -0.010
5 yr	3.800	3.850 ▼ -0.050	GNMA	5.130	5.059 ▲ 0.071	Fed Funds	3.640	3.640 0.000

Source: Bloomberg LP, Raymond James as of 01/05/26

All entries are percentage (%) unless otherwise noted.

DAY	EVENT	PERIOD	SURVEY	PRIOR
Wed	ISM Services Index	Dec	52.3	52.6
Wed	JOLTS Job Openings	Nov	7679k	7670k
Wed	Durable Goods Orders	Oct F	-2.2%	-2.2%
Fri	Change in Nonfarm Payrolls	Dec	59k	64k
Fri	Unemployment Rate	Dec	4.5%	4.6%

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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.

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.

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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