

Fixed Income Weekly Monitor

With little data released last week, yields bear-flattened slightly. Numerous economic data this week (CPI, PPI, Retail Sales, and Industrial Production) has the potential to move markets.

PWM Fixed Income Research

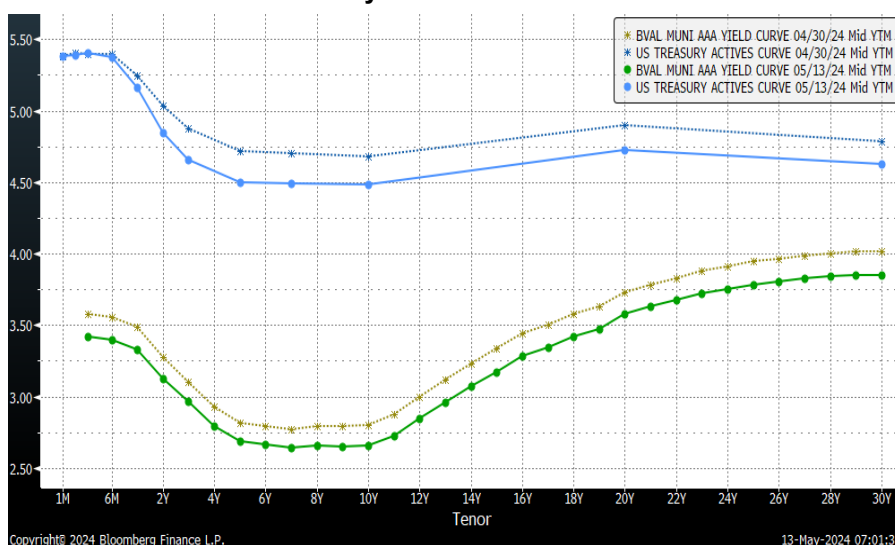
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Treasuries

- Last week was bereft of economic data and yields reacted accordingly. Yields for the week were up slightly but are still meaningfully lower since the beginning of the month (graph). As little economic data as there was last week, we receive very important data this week which have the potential of moving markets – namely, CPI, PPI, Retail Sales, and Industrial Production.
- Since 5/1, Treasury yields are lower: 3 mos. Bills were -1 bps at 5.40%, 1yr Treasury Notes -4 bps at 5.17%, 2-year Note yield -12 bps at 4.85%, 5-year Notes yield -16 bps at 4.49%, 10-year Notes yield -15 bps at 4.48% and 30-year bonds yield -12 bps at 4.63%.

Treasury and Muni Curves since 4/30/24



Municipals

- Bloomberg Municipal AAA-rated GO yields were lower since 5/1: 2-year bonds -15 bps at 3.13%, 5-year bonds -13 bps at 2.68%, 10-year bond yield -14 bps at 2.65% and 30-year bonds were -16 bps at 3.85%.
- The 10yr AAA GO Ratio is 59.0.

Corporates

- BAML Investment-grade credit spreads were unchanged at 89 bps OAS (-15 bps YTD).
- BAML High-yield credit spreads widened by +4 bps over the past week to 312 bps OAS (-22 bps YTD).

Looking Ahead

- 5/14: PPI
- 5/15: CPI, Retail Sales
- 5/16: Housing Starts, Import Price Index, Industrial Production

5/13/2024					
Treasuries	Nominals	YTM %	5d chg. (bps)	1mo. chg. (bps)	YTD chg. (bps)
	1 yr	5.17	5	4	40
	2yr	4.85	2	-5	60
	5yr	4.50	1	-6	65
	7yr	4.49	1	-6	61
	10yr	4.48	0	-4	61
	30yr	4.63	-1	0	60
	Inflation breakeven	YTM %	5d chg. (bps)	1mo. chg. (bps)	YTD chg. (bps)
	5yr	2.35	0	-18	19
	10yr	2.35	1	-4	18
	Real yield	YTM %	5d chg. (bps)	1mo. chg. (bps)	YTD chg. (bps)
	5yr	2.15	1	8	44
	10yr	2.13	0	1	43
Municipals	AAA Rated GO	YTM %	5d chg. (bps)	1mo. chg. (bps)	YTD chg. (bps)
	2yr AAA GO	3.13	-7	-5	62
	5yr AAA Go	2.68	-6	-2	47
	10yr AAA GO	2.65	-7	-5	39
	A Rated GO	YTM %	5d chg. (bps)	1mo. chg. (bps)	YTD chg. (bps)
	2yr A GO	3.49	-6	3	50
	5yr A GO	3.12	-4	7	40
	10yr A GO	3.13	-5	2	23
	A Rated Revenue	YTM %	5d chg. (bps)	1mo. chg. (bps)	YTD chg. (bps)
	2yr A Revenue	3.41	-5	-4	54
	5yr A Revenue	3.15	2	10	49
	10yr A Revenue	3.23	-2	10	39
	GO Ratios	Ratio	5d Chg.	1 mo.Chg.	YTD Chg.
	5yr AAA GO Ratio	59.43	-1.5	0.7	1.8
	10yr AAA GO Ratio	58.99	-1.3	-0.4	0.5
MBS 30-yr	Curr. Cpn.	5d chg. (bps)	1mo. chg. (bps)	YTD chg. (bps)	
	FNMA	5.93	0	-12	68
	GNMA	#N/A N/A	#VALUE!	#VALUE!	#VALUE!
Corporate	Yield %	OAS (bps)	Chg. OAS (bps)	Chg. OAS (bps)	Chg. OAS (bps)
Intermediate IG Index	5.45	78	1	0	-12
AA rated	5.14	43	1	2	-5
A Rated	#N/A Invalid Security	74	1	0	-11
BBB Rated	5.76	109	1	2	-13
Intermed. High-yield Index	#N/A Invalid Security	298	6	7	-25
BB Rated	6.67	177	2	1	-24
B Rated	7.72	273	4	11	-37
CCC Rated	12.21	728	12	14	-48
Preferred Index	6.10				
Other	Level	5d Chg.	1 mo.Chg.	YTD Chg.	
	Fed Funds Rate (Eff.)	5.33%	0.00%	0.00%	0.00%
	Treas. Volatility Index	94.2	-0.3	-18.6	-20.4
	S&P 500 Index	5222.7	1.85%	1.94%	9.49%
	VIX Index	13.3	-0.2	-4.0	0.9
	U.S Dollar Index	1253.0	0.12%	-0.51%	3.31%

Appendix – Important Disclosures

Some of the potential risks associated with fixed income investments include call risk, reinvestment risk, default risk and inflation risk. Additionally, it is important that an investor is familiar with the inverse relationship between a bond's price and its yield. Bond prices will fall as interest rates rise and vice versa.

When considering a potential investment, investors should compare the credit qualities of available bond issues before they invest. The two most recognized rating agencies that assign credit ratings to bond issuers are Moody's Investors Service ("Moody's") and Standard & Poor's Corporation ("S&P"). Moody's lowest investment-grade rating for a bond is Baa3 and S&P's lowest investment-grade rating for a bond is BBB-. Ratings are measured on a scale that ranges from AAA or Aaa (highest) to D or C (lowest).

The Bond Buyer 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA. The Bond Buyer 11-Bond Index uses a select group of 11 bonds in the 20-Bond Index. The average rating of the 11 bonds is roughly equivalent to Moody's Aa1 and S&P's AA-plus. The Bond Buyer Revenue Bond Index consists of 25 various revenue bonds that mature in 30 years. The average rating is roughly equivalent to Moody's A1 and S&P's A-plus. The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indexes are simple averages of the average estimated yields of the bonds, are unmanaged and a direct investment cannot be made in them.

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