Private Wealth Management

Fixed Income Weekly Monitor Dec. 8, 2025

PWM Fixed Income Research

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Do we get a Hawkish Rate Cut this week from the FOMC? The FOMC meets this week with expectations of a 25 bps cut in the fed funds target rate (Polymarkets are showing a 94% chance). This will lower the fed funds target rate to the 3.50%-3.75% range bound level. However, the Fed is essentially "driving in fog" as there is little current economic data for them to use in making this decision. Thus, the updated dot plots (a visual representation where the Fed governors and regional presidents believe that interest rates are going – published quarterly since 2012) will come under scrutiny by market participants.

TREASURIES

- Some bond market participants express reservations about Kevin Hassett's potential appointment as the Fed Chair replacing Jay Powell when his term as Chair ends in May (question remains whether or not Powell will serve out the rest of his term as a Fed Governor). The concern is whether Dr. Hassett will be doing the White House's bidding – cutting interest rates aggressively despite inflation remaining well above the 2.0% target. We feel that the increase in the yield of the 10-year benchmark note is a sign that the bond market is not thrilled with the President's rumored choice.

- Speaking of economic data, in our looking ahead section we are only including data that is going to be current collections and for ones with a specific date of release. Going forward, we believe that the calendar will normalize, but it will likely be in January before doing so. The Bureau of Labor Statistics (BLS) indicated earlier today that both the October & November Producer Price Indices (PPI) will be reported together on January 14th.

- The Initial Jobless Claims number released last Thursday for the week ended November 29 showed initial claims falling significantly to 191k, from the revised 218k the previous week. Continuing claims were 1939k for the week ended November 22, down from a revised 1943k (originally reported as 1960k).

- Treasury yields were lower along the T-bill-end of the curve and higher out past the T-bill-end of the curve last week: 3-month Bills were 10 bps lower at 3.70%, 2-year Notes were 7 bps higher at 3.56%, 10-year Notes were 13 bps higher at 4.14% and 30-year Bonds were up 13 bps higher at 4.79%. The 2s/10s spread (slope of the yield curve) was 58 bps.

TREASURY YIELD CURVE

MUNICIPALS

- Municipal bond yields ended the week with the yield on the Bloomberg Municipal Index at 3.60%.
- Municipal high yield bond yields ended the week with the Bloomberg High Yield Municipal Index at 5.67%.
- Bloomberg Municipal AAA-rated GO yields were higher out the curve last week: 2-year notes unchanged at 2.45%, 10-year note yields a basis point higher at 2.73, and 30-year bond yields were 5 bps higher at 4.10%.
- The 2-year AAA GO Ratio is 69.2%, the 10-year AAA GO Ratio is 65.8%, and the 30-year AAA GO Ratio is 85.6%.
- This week Municipal bond market issuance is expected to total $8.3b according to data compiled by CreditSights.

CORPORATES

- Bloomberg Indices: Investment-Grade spreads were at 77 bps OAS – yields were at 4.84%.
- Investment-Grade CDX finished the week at 50.95 – range for the week of 51.0-to-51.5 – average was 51.2.
- Bloomberg Indices: High-yield credit spreads were at 264 bps OAS – yields were at 6.58%.
- High-Yield CDX finished the week at 107.74 – range for the week was 107.5-to-107.8 – average was 107.6.

GDP FORECASTS Q3 2025/Q42025/Q12026

- Bloomberg Survey - +2.0% - (as of 12/5/25) / +1.7% - (as of (12/5/25)
- New York Fed Nowcast - +2.31% - (as of 11/28/25) / +1.73% (as of 12/5/25) / +2.22% (as of 12/5/25)
- Atlanta Fed's GDPNow – +3.5% - (as of 12/5/25)

LOOKING AHEAD

December

MONDAY - 12/8

- NY Fed 1-Yr Inflation Expectations for November – forecast n/a.

TUESDAY - 12/9

- JOLTS Job Openings for October – forecast of 7150k.

WEDNESDAY - 12/10

- MBA Mortgage Applications for week of December 5 - forecast n/a.
- Employment Cost Index for Q3 Change – forecast of +0**.9%.**
- FOMC Rate Decision – forecast of 25 bps cut - Upper Bound 3.75% / Lower Bound 3.50%.
- Federal Budget Balance for November– forecast of -206.3t.

THURSDAY - 12/11

- Initial Jobless Claims for the week of December 6 – forecast of 220k (Whisper # of 217k).
- Continuing Claims for the week of November 29 – forecast of 1945**k.**

FIXED INCOME SPREAD, YIELD, AND RETURN DATA

December 5, 2025

Fixed Income Asset Class Data – Bloomberg Indices								
	OAS	YTW	Price	Coupon	Mat.	OAD	YTD TR	1-YR TR
Aggregate	27	4.35%	$93.95	3.65%	8.30	6.00	+6.94%	+4.94%
Treasury	N/A	3.92%	$93.95	3.25%	7.78	5.94	+6.01%	+4.16%
Agency	39	4.32%	$97.43	4.08%	8.36	5.38	+7.60%	+5.90%
MBS	24	4.68%	$91.93	3.51%	7.40	5.74	+8.04%	+6.05%
IG Corporate	77	4.84%	$95.22	4.47%	10.48	6.90	+7.48%	+5.05%
Municipal	N/A	3.60%	N/A	N/A	13.60	6.71	+4.03%	+2.18%
High Yield	264	6.58%	$97.98	6.58%	4.80	2.81	+8.14%	+7.34%
Municipal HY	N/A	5.67%	N/A	N/A	19.54	7.54	+2.40%	+0.43%

RISK ASSET SPREADS AND YIELD INFORMATION

.	Nominal (%)	Real (%)	Inflation BE (%)
5yr	3.71	1.36	2.35
10yr	4.13	1.84	2.27
30yr	4.79	2.57	2.23
Money Mkt rates	**Last**	**1Day Ago**	**1 Week Ago**
Fed Funds	3.88	3.88	3.88
Adj. 1Mo Term SOFR	3.89181	3.89816	3.97865
O/N Repo (Govt)	3.97	3.97	4.10
4 week Treas. Bill	3.62	3.63	3.67
2M Treas. Bill	3.59	3.60	3.69

`		Analytics			12/07/2025 Total Return			
Index	Sub-Index	YTW (%)	OAS (bps)	Duration	5-day	MTD	QTD	YTD
US Aggregate		4.35	27	6.1	(0.48)	(0.48)	0.76	6.94
US Gov/Credit		4.25	27	6.3	(0.55)	(0.55)	0.61	6.58
US Treasury	1-3	3.59	-1	2.0	(0.08)	(0.08)	0.72	4.74
	3-5	3.66		3.8	(0.34)	(0.34)	0.79	6.44
	5-7	3.82		5.5	(0.57)	(0.57)	0.88	7.72
	7-10	4.03		7.2	(0.77)	(0.77)	0.93	8.19
	10-20	4.68		12.5	(1.54)	(1.54)	0.20	6.53
US Govt-Related		4.32	39	5.6	(0.37)	(0.37)	0.84	7.60
US Corp.	Aa	4.62	46	8.0	(0.67)	(0.67)	0.33	6.59
	A	4.70	63	6.9	(0.51)	(0.51)	0.64	7.53
	Baa	5.03	97	6.6	(0.39)	(0.39)	0.53	7.60
US Corp.	Industrial	4.89	76	7.6	(0.54)	(0.54)	0.44	7.27
	Financial	4.68	77	5.4	(0.31)	(0.31)	0.80	7.84
	Utility	5.06	85	8.3	(0.63)	(0.63)	0.50	7.42
US High-yield		6.58	264	3.1	0.12	0.12	0.85	8.14
	Ba	5.61	163	3.3	0.24	(0.02)	0.92	7.74
	B	6.62	268	2.8	(0.02)	0.24	1.08	8.56
	Caa	9.90	615	2.8	0.34	0.34	(0.14)	7.92
Municipal		3.60		6.7	(0.30)	(0.12)	1.35	4.03
High Yield Muni		5.67		10.1	(0.30)	(0.30)	1.10	2.40
S&P Preferred		5.86			(1.43)	(2.61)	3.08	3.08
SPX Index		1.17			0.35	0.35	2.96	18.21

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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