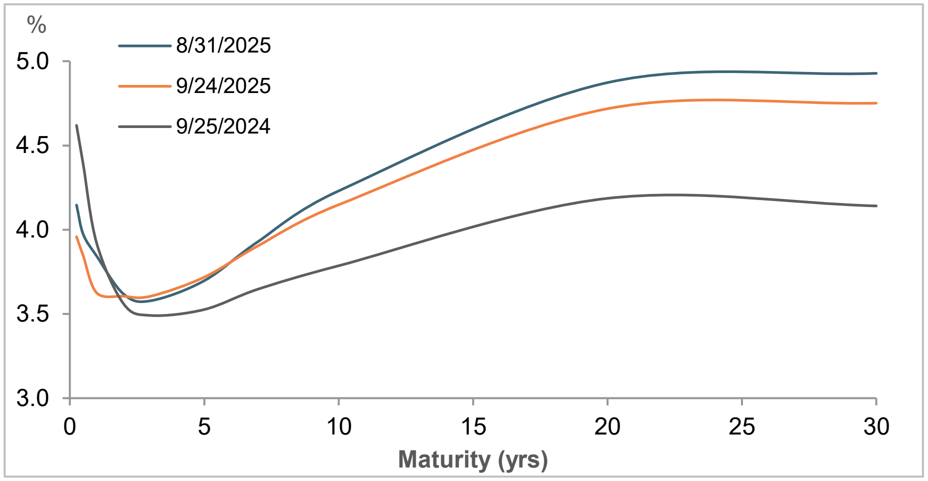
IR+M WEEKLY FIXED INCOME MARKET UPDATE: SEPTEMBER 19 – SEPTEMBER 25, 2025

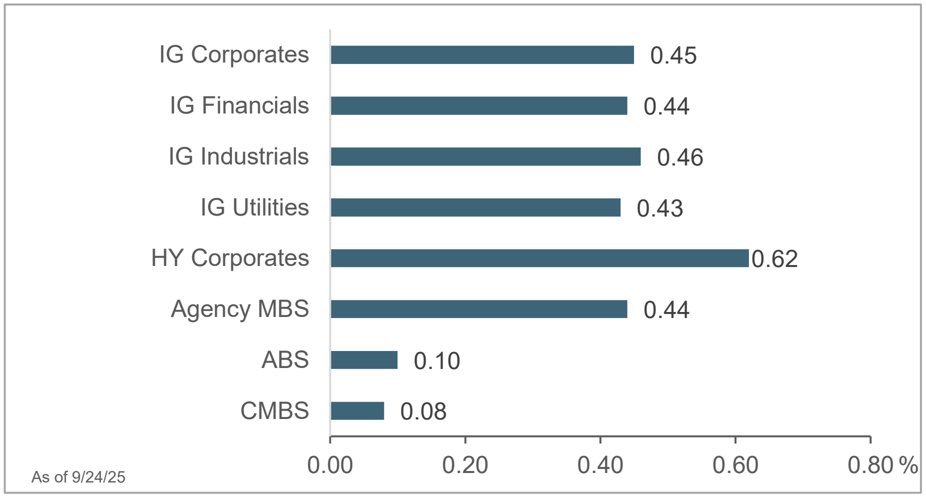
- Following last week's rate cut, investors looked for signs supporting additional easing, but instead, economic data was solid
  - Second quarter GDP was revised higher to a 3.8% annualized pace compared to the 3.3% previously reported; the rise was driven by business investment and consumer spending growth of 7.3% and 2.5%, respectively
  - Initial jobless claims came in at 218,000, below forecasts of 233,000 and the lowest level since mid-July, signaling layoffs have been limited
- Treasury yields rose across the curve as stronger-than-expected labor market data caused investors to modestly lower the probability of two rate cuts by year-end
  - The 2- and 30-year Treasury rates rose by 5bps and 6bps, respectively, week-over-week, to 3.61% and 4.75%
- Investment-grade supply totaled just shy of $57 billion, well-above estimates, thanks to an enterprise technology company's $18 billion jumbo deal; the deal amassed orders of over $88 billion and was the second-largest of the year
  - Investment-grade corporate spreads widened by 2bps to 74bps, while yields rose by 5bps to 4.81%
- High-yield borrowers capitalized on attractive funding levels by flooding the new issue market with over $14 billion of supply
  - High-yield corporate spreads tightened by 1bp to 261bps, and yields rose by 5bps to 6.61%
- Agency mortgage-backed securities outperformed other securitized sectors as spreads tightened 2bps week-over-week to 29bps; the average 30-year mortgage rate fell to 6.33% propelling refinance activity
  - August new home sales were higher-than-expected at 800,000, a 20% increase from July, and likely driven by an increase in sales incentives and decline in inventory
- Municipals underperformed Treasuries as muni/Treasury ratios rose across the curve; municipal bond funds reported $1.1 billion of net inflows last week

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
9/24/25	3.61	3.72	4.15	4.72	4.75
MTD Change	(0.01)	0.02	(0.08)	(0.16)	(0.18)

Month-to-Date Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited. All commentary and data as of 9/25/25 unless otherwise noted.