# Bond Market Review

November 17, 2025

## Summary

With the U.S. government re-opening last week, investors will be closely watching for key economic data releases in the coming weeks including the September jobs report this Thursday. In addition, Walmart, Target, NVIDIA, and Home Depot are set to release earnings and provide insight into artificial intelligence (AI) and consumer spending.

| Treasury Yields | | | |
|---|---|---|---|
| Term | Treasury Yield | ∆ MTD | ∆ YTD |
| 3 Month | 3.88 | 0.08 | -0.44 |
| 6 Month | 3.82 | 0.02 | -0.45 |
| 1 Year | 3.69 | 0.01 | -0.45 |
| 2 Year | 3.61 | 0.04 | -0.64 |
| 5 Year | 3.73 | 0.04 | -0.65 |
| 10 Year | 4.15 | 0.07 | -0.42 |
| 30 Year | 4.75 | 0.10 | -0.03 |

## Taxable

### Anticipated Tech Supply Weighs on Corporates

- After investors returned from the Veteran's Day holiday, investment grade corporates widened slightly over concerns of technology companies bringing large new issues to fund AI spending. Most technology as well as some media companies saw spreads inch wider while Oracle lagged higher quality tech companies like Microsoft and Google. If more jumbo deals appear in the next few weeks, we expect spreads to widen, however, lighter supply would be positive in our view.

### High Yield Steady Despite Volatility

- A lot occurred last week, although spreads didn't move that much with the ICE BofA U.S. High Yield Master II Option-Adjusted Spread (OAS) Index tightening by four bps to 309 bps. The main themes were the reopening of government, more hawkish commentary from Federal Reserve (Fed) officials, and continuing concerns around a bubble in AI capital expenditures, all of which resulted in an increase in equity volatility. The index OAS ended Thursday at 309 bps which is at the upper end of the (albeit narrow) range over the past two months.

| Municipal Yields | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Term | Municipal Yield | ∆ MTD | ∆ YTD | Tax-Equivalent Yield | Tax-Equivalent Spread (bps) | Muni/Treasury Ratio (%) | ∆ MTD | ∆ YTD |
| 1 Year | 2.54 | 0.00 | -0.43 | 3.90 | 21.11 | 68.72 | -0.30 | -2.92 |
| 2 Year | 2.48 | -0.01 | -0.34 | 3.82 | 21.42 | 68.86 | -0.89 | 2.38 |
| 5 Year | 2.39 | -0.01 | -0.51 | 3.68 | -4.79 | 64.17 | -0.88 | -2.06 |
| 10 Year | 2.72 | -0.01 | -0.41 | 4.19 | 3.79 | 65.59 | -1.32 | -2.87 |
| 30 Year | 4.10 | -0.03 | 0.22 | 6.30 | 155.22 | 86.25 | -2.35 | 5.22 |

## Tax-Free

### Munis Unchanged on the Week

- Although we have observed little spread movement in New York City bonds so far following Zohran Mamdani's election win Tuesday night, there has been plenty of questions around what his proposed policies could mean for New York City as a credit. Our view is that, operationally, we expect few changes from the city's financial standpoint given the fiscal guardrails placed on the city by the state during the city's fiscal crisis in the mid-1970s that continue to exist today. City government is overseen by the New York State Fiscal Control Board which mandates a balanced budget requirement. The city also operates under a debt cap as mandated by the New York State constitution. As of FY25, the city only has $41B in remaining borrowing capacity with existing plans to borrow an additional $8B over the next three years.

### Pennsylvania Approves Budget

- Pennsylvania lawmakers approved a $50.1B budget for FY26, 134 days into the new fiscal year. The budget provides for $900MM in education funding and an earned income tax credit providing $193MM for working families equal to 10% of the federal credit. The budget maintains the state's existing $8B reserve fund with no expected draws. Currently, North Carolina remains the only state operating without a budget in the new fiscal year which it has been able to do through a series of continuing resolutions.

Bps = basis points. Data is as of 11.14.2025. Sources: Bloomberg L.P.; ICE BofA. Please refer to page 3 for important definitions and disclosures.

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## International Yields

| | Canada | Germany | Japan | U.K. | France | Italy | Spain | Greece |
|---|---|---|---|---|---|---|---|---|
| 2 Year | 2.49 | 2.04 | 0.94 | 3.85 | 2.26 | 2.2 | 2.10 | 1.96 |
| 5 Year | 2.80 | 2.31 | 1.26 | 4.01 | 2.78 | 2.8 | 2.58 | 2.60 |
| 10 Year | 3.23 | 2.72 | 1.74 | 4.57 | 3.46 | 3.47 | 3.23 | 3.35 |
| 30 Year | 3.66 | 3.32 | 3.27 | 5.40 | 4.32 | 4.4 | 4.05 | 4.20 |

## Sectors[1]

| | Duration | Spread | Δ MTD | Δ YTD | 52- Week High | 52-Week Low |
|---|---|---|---|---|---|---|
| Investment Grade Corporate | 6.89 | 82 | 4 | 2 | 119 | 72 |
| ▪ Financial | 5.37 | 82 | 4 | 0 | 122 | 73 |
| ▪ Industrial | 7.53 | 81 | 3 | 3 | 116 | 70 |
| ▪ Utility | 8.04 | 89 | 5 | 7 | 119 | 78 |
| High Yield | 2.89 | 291 | 30 | 4 | 453 | 256 |
| Securitized | 5.61 | 31 | 0 | -14 | 52 | 27 |
| ▪ Commercial Mortgage-Backed Securities | 3.88 | 75 | -2 | -5 | 101 | 75 |
| ▪ Asset-Backed Securities | 2.76 | 53 | -2 | 9 | 75 | 42 |
| ▪ Mortgage-Backed Securities | 5.76 | 28 | 0 | -15 | 49 | 24 |

## Equity

| | Current | Δ MTD | Δ YTD |
|---|---|---|---|
| Dow Jones | 47,147.48 | (415.39) | 4,603.26 |
| S&P 500 | 6,734.11 | (106.09) | 852.48 |
| Nasdaq | 22,900.59 | (824.37) | 3,589.80 |

## Volatility

| | Current | Δ MTD | Δ YTD |
|---|---|---|---|
| VIX | 19.83 | 2.39 | 2.48 |
| MOVE | 79.71 | 13.10 | -19.09 |

## Commodities

| | Current | Δ MTD | Δ YTD |
|---|---|---|---|
| CRB | 302.35 | -0.19 | 5.63 |
| Gold | 4094.20 | 97.70 | 1453.20 |
| Oil | 60.09 | -0.89 | -11.63 |
| Gas | 201.16 | 11.08 | 0.24 |

## Currency

| | Current | Δ MTD | Δ YTD |
|---|---|---|---|
| U.S. Dollar | 99.30 | -0.50 | -9.19 |
| Euro | 1.16 | 0.01 | 0.13 |
| Pound | 1.32 | 0.00 | 0.07 |
| Yen | 154.55 | 0.56 | -2.69 |
| Canadian Dollar | 1.40 | 0.00 | -0.04 |
| Franc | 0.79 | -0.01 | -0.11 |

## Central Bank Rates

| | Current | Δ MTD | Δ YTD |
|---|---|---|---|
| United States | 4.00 | 0.00 | -0.50 |
| Europe | 2.15 | 0.00 | -1.00 |
| United Kingdom | 4.00 | 0.00 | -0.75 |
| Japan | 0.50 | 0.00 | 0.25 |
| Canada | 2.25 | 0.00 | -1.00 |

Data is as of 11.14.2025. Source: Bloomberg L.P. Please refer to page 3 for important definitions and disclosures.
[1]Sectors are represented by the following indices: Investment Grade Corporate = Bloomberg U.S. Corporate Bond; Financial = Bloomberg U.S. Aggregate Investment Grade Finance; Industrial = Bloomberg U.S. Aggregate Investment Grade Industrial; Utility = Bloomberg U.S. Investment Grade Utility; High Yield = Bloomberg U.S. Corporate High Yield; Securitized = Bloomberg U.S. Securitized; Commercial Mortgage-Backed Securities = Bloomberg U.S. Aggregate CMBS; Asset-Backed Securities = Bloomberg U.S. Aggregate ABS; Mortgage-Backed Securities = Bloomberg U.S. Aggregate MBS.

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**Technical Terms: Duration**: a tool used in assessing the price volatility of a fixed-income security. **Gross Domestic Product (GDP)** A comprehensive measure of U.S. economic activity. GDP measures the value of the final goods and services produced in the United States (without double counting the intermediate goods and services used up to produce them). The **federal funds rate** is the interest rate at which depository institutions (mainly banks) lend reserve balances to other depository institutions overnight on an uncollateralized basis. In simpler terms, it's the rate banks charge each other for short-term loans to meet their reserve requirements. **Municipal/Treasury Ratio**: a comparison of the current yield of municipal bonds to U.S. Treasuries. **Non-farm payroll** refers to the number of jobs in the private sector and government agencies. It excludes farm workers, private household employees, proprietors, non-profit employees, and actively serving military. **Option-Adjusted Spread (OAS)** is the measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is then adjusted to take into account an embedded option. Typically, an analyst uses Treasury yields for the risk-free rate. The spread is added to the fixed-income security price to make the risk-free bond price the same as the bond. **Personal consumption expenditures (PCE)** is the primary measure of consumer spending on goods and services in the U.S. economy. **Tax-Equivalent Spread** is the spread needed on a taxable bond to produce the same yield as a municipal bond. **Tax-Equivalent Yield**: the return that is required on a taxable investment to make it equal to the return on a tax-exempt investment. **Yield Spread**: the difference between the quoted rates of return between two different investment vehicles; also called the credit spread. **Yield-To-Worst:** Is a measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting. It is a type of yield that is referenced when a bond has provisions that would allow the issuer to close it out before it matures.

**The volatility of an index varies greatly. All indices are unmanaged, and investments cannot be made directly in an index.**

The **Commodity Research Bureau Index** (CRB) comprises a basket of 19 commodities, with 39% allocated to energy contracts, 41% to agriculture, 7% to precious metals, and 13% to industrial metals. The CRB is designed to isolate and reveal the directional movement of prices in overall commodity trades. **Dow Jones Industrial Average (DJIA)** an index that tracks 30 large, publicly-owned blue-chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ. **The ICE BofA U.S. High Yield Master II Option-Adjusted Spread (OAS) Index** is a measure of the average yield spread over U.S. Treasury yields for U.S. dollar-denominated, below-investment-grade corporate bonds, such as those rated BB or lower. It accounts for embedded options like callability, providing a more consistent way to compare the yield of these bonds to U.S. Treasuries. The index is constructed using a market-capitalization-weighted average of the OAS of its constituent bonds. **The ICE BofA MOVE Index** is a well-recognized measure of U.S. interest rate volatility that tracks the movement in U.S. Treasury yield volatility implied by current prices of one-month over-the-counter options on 2-year, 5-year, 10-year and 30-year Treasuries. **The Nasdaq Composite Index** the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities. **The The S&P 500® Index** is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization. **The Bloomberg U.S. Agg Index** is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. **The Bloomberg U.S. Corporate Index** covers performance for United States corporate bonds. This index serves as an important benchmark for portfolios that include exposure to investment grade corporate bonds. **The Volatility Index (VIX)** is the annualized implied volatility of a hypothetical S&P 500 stock option with 30 days to expiration. **Bloomberg L.P. Information:** “Bloomberg®” and the Bloomberg indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”), the administrator of the index (collectively, “Bloomberg”) and have been licensed for use for certain purposes by Sterling Capital Management LLC and its affiliates. Bloomberg is not affiliated with Sterling Capital Management LLC or its affiliates, and Bloomberg does not approve, endorse, review, or recommend the product(s) presented herein. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the product(s) presented herein.