Outlook

RJ FI - Monday Market Commentary *Ahead of the Fed*

From Sumaiyya Khan <Sumaiyya.Khan@RaymondJames.com>
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Cc Tim Sackmaster <Tim.Sackmaster@RaymondJames.com>; Camille Hernandez <Camille.Hernandez@RaymondJames.com>; Joshua Milrad <Joshua.Milrad@RaymondJames.com>; Mike Diagostino <Mike.Diagostino@RaymondJames.com>; Keith Parrish <Keith.Parrish@RaymondJames.com>

3 attachments (1 MB)
Cash Management Example Portfolio-3.16.26.pdf; Corporate Bond Example Portfolio 3.16.26.pdf; Muni Example Proposal.pdf;

Monday Market Commentary

FROM RIA PARTNERSHIP GROUP | FIXED INCOME CAPITAL MARKETS

Intended for Institutional Investors, Do Not Forward

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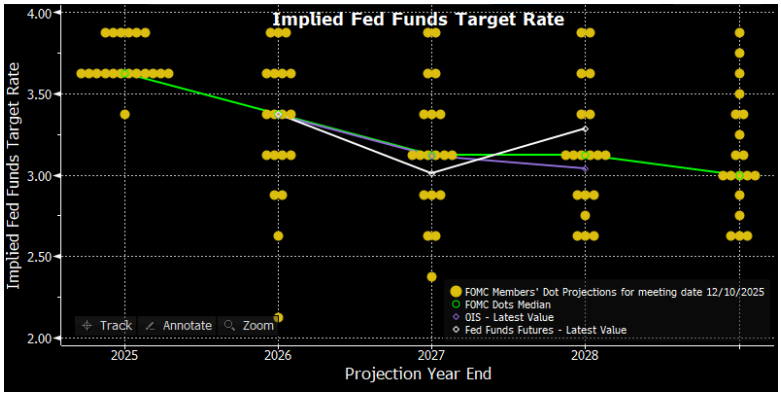
Rates

Last week's rate action continued to be dominated by energy-driven headline risk. Oil whipsawed throughout the week as markets reacted to developments in the Iran conflict, and Treasury yields ultimately finished higher on the week (2s/10s/30s all up in that 14–18 bp range). February CPI was broadly in line with expectations (headline 2.4% YoY, core 2.5% YoY), but it did little to offset the market's focus on the inflation impulse from higher energy prices.

As we head into Wednesday's Fed decision, the market remains volatile, with policy pricing swinging sharply as investors toggle between weaker growth signals and the risk of sustained, oil-driven inflation pressures. The Fed decision and the updated Summary of Economic Projections (dot plot) will be the primary catalysts, particularly any signal around how long the Committee intends to hold a "pause" and whether the statement language evolves to emphasize two-sided risks.



Source: Bloomberg

Fed funds futures imply a near-zero probability of a cut at this meeting, with the next move priced for much later in the year as investors weigh war-driven inflation risk against a potentially softening growth backdrop.

This morning, Treasuries are modestly firmer with the 2-year ~**3.67%**, 10-year ~**4.23%**, 30-year ~**4.87%**. Rates continue to be volatile around swings in energy prices: any sustained move back above $100 in crude risks keeping inflation concerns front and center, while any meaningful retracement would quickly reopen the door to easier policy expectations later this year.

Treasury Auction Recap
Treasury's auctions, last week, were mixed. The 10-year reopening produced softer demand and kept pressure on the belly of the curve, while the 30-year auction was comparatively better received, helping stabilize the long end despite the broader inflation/energy narrative.

Treasury Forward Calendar
This week's focus shifts to duration again with reopenings alongside the usual bill slate:

- $13B 20-year bond reopening — Tuesday (3/17)
- $19B 10-year TIPS reopening — Thursday (3/19)
- Bills: 13- & 26-week on Monday (3/16); 6-week & 52-week on Tuesday (3/17); 17-week Wednesday (3/18); 4- & 8-week Thursday (3/19).

T-Bill example statistics

Totals & Averages @ Market	
Summary Totals	
Original Face	$1,000,000
Current Face (Par)	$1,000,000
Market Principal	$993,879
Accrued Interest	$0
Cash & Cash Alternatives	$0
Fixed Income Funds	$0
Equity Balance	$0
Total Portfolio Value	$993,879
Next 12mo Cpn Cash Flow	$0
Generic Annual Cpn Cash Flow	$0
Weighted Averages	
Coupon*	0.000%
Maturity**	0.17 yrs
Duration	0.17
Yield to Worst	3.592%
Yield to Maturity	3.664%
Market Price*	99.388
Tax Lots Holdings Included	3 of 3

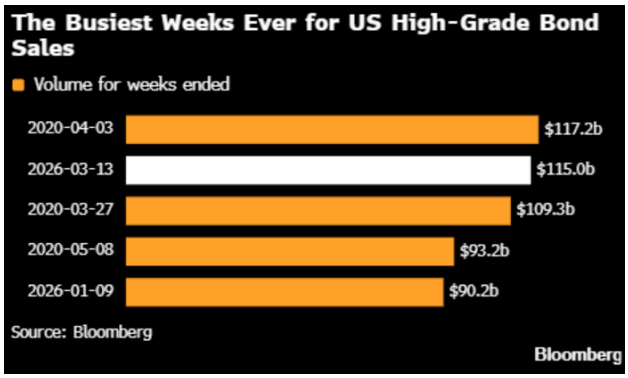
*Par-Wtd, all else Mkt-Wtd.
**Avg life used for principal paydowns, and perpetual securities are assigned a 40 year maturity.

Taxable Fixed Income

Another active week is expected, with new issuance projections for investment-grade debt coming in at $40 billion. When factoring in the continued conflict in Iran, along with the Fed meeting this week, it's worth noting that issuers are not slowing down.

This follows last week's supply figure, which came in as the second-largest weekly total on record from a volume perspective. We saw $115 billion priced, falling just short of the all-time weekly record of $117 billion.

Last week's robust supply was driven by three large deals from Amazon, Salesforce, and Honeywell.



Certainly, several factors remain in play that could continue to put pressure on credit spreads, particularly as we have already seen a notable amount of widening off the lows. Currently, the spread on the Bloomberg U.S. Investment Grade Corporate Bond Index sits at 92 bps over Treasuries. Over the past week, the index widened by 9 bps, and we are now just over 20 bps off the lows reached in January of this year.

Even at these levels, the index still signals strength within the broader credit markets when viewed against historical ranges. Many market participants had called for some widening in spreads this year, particularly as the index had been trading at its tightest levels in more than 20 years.

We will continue to monitor credit spreads closely as several market variables play out that could place further pressure on spreads.

As always, we are here to review taxable fixed income portfolios or individual credits within your book of business. Please feel free to reach out to any member of the team if you would like assistance navigating the current market environment.

Corporate Bond IG 5 – 10 year example statistics

Totals & Averages @ Market	
Summary Totals	
Original Face	$1,000,000
Current Face (Par)	$1,000,000
Market Principal	$1,006,401
Accrued Interest	$6,083
Cash & Cash Alternatives	$0
Fixed Income Funds	$0
Equity Balance	$0
Total Portfolio Value	$1,012,484
Next 12mo Cpn Cash Flow	$48,896
Generic Annual Cpn Cash Flow	$48,165
Weighted Averages	
Coupon*	4.817%
Maturity**	7.67 yrs
Duration	6.19
Yield to Worst	4.663%
Yield to Maturity	4.670%
Market Price*	100.640
Tax Lots Holdings Included	12 of 12

*Par-Wtd, all else Mkt-Wtd.
**Avg life used for principal paydowns, and perpetual securities are assigned a 40 year maturity.

Municipal Tax-Free Fixed Income

- AAA muni BVAL yields 2.20% (2Y), 2.34% (5Y), 2.81% (10Y), and 4.31% (30Y).
- Taxable equivalent yields: ~4.68% at 10 years and ~7.18% for longer maturities.
- 4s at par available in 16 years
- The Muni - Treasury ratios are around 61% at 5-years, 66% at 10-years and 88% at 30-years.

Muni Comment

Municipal yields are higher this morning compared with last week, rising roughly 6 to 17 basis points as the market cheapens alongside U.S. Treasuries, which continue to trade sensitively in response to oil-price movements. Despite the broader rate sell-off, munis largely outperformed Treasuries thanks to persistent buying interest on the front end from SMA managers and solid results across recent new-issue deals. The move represents a rare bout of curve flattening, even though the overall municipal curve remains historically steep.

In credit-related developments, the Washington State House last Tuesday approved, after a 24-hour floor debate, a proposal to introduce a 9.9% personal income tax on households earning more than $1 million annually. The measure still requires Senate approval and would likely face court challenges if enacted. Adoption of such a tax would represent a major structural shift for Washington, which has historically relied on sales and business taxes and is one of only nine U.S. states without a personal income tax. The absence of an income tax has traditionally supported strong national investor demand for Washington municipal bonds.

Example Portfolio Statistics:

Municipal Bond - Laddered Calls (Avg Maturity 20 yrs/Duration 5)

Totals & Averages @ Market	
Summary Totals	
Original Face	$1,000,000
Current Face (Par)	$1,000,000
Market Principal	$1,048,952
Accrued Interest	$13,041
Cash & Cash Alternatives	$0
Fixed Income Funds	$0
Equity Balance	$0
Total Portfolio Value	$1,061,993
Next 12mo Cpn Cash Flow	$47,941
Generic Annual Cpn Cash Flow	$48,500
Weighted Averages	
Coupon*	4.850%
Maturity**	19.91 yrs
Duration	5.38
Yield to Worst	4.007%
Yield to Maturity	4.480%
Market Price*	104.895
Tax Lots Holdings Included	10 of 10

*Par-Wtd, all else Mkt-Wtd.
**Avg life used for principal paydowns, and perpetual securities are assigned a 40 year maturity.

Issuance dynamics:

An FOMC week pushes this week's calendar down to below $8 billion following last week's $13.3 billion tax exempt issuance. This will fall below this year's weekly average issuance of $9.5 billion. Fund flows and SMA demand continue to support our market and new issues have seen solid participation including on longer bonds as retail focuses on attractive relative value ratios.

Below are deals Raymond James is bringing or bidding on this week, competitive and negotiated:

Bought	Deal Type	Amount	Issuer	Underwriter	State	Description	Rating	Book Manager	Stru
03/16/2026 (8)									
	Competitive	$21,000,...	St Michael ISD #885	Robbie	MN	Independent School District ...	Aa1/NR/NR	Fidelity Capital	Ge
	Competitive	$18,510,...	Denison	Lisa	TX	City of Denison, Texas Comb...	NR/AA-/AA	Raymond James, TN	Ge
	Competitive	$1,605,000	Thiensville		WI	Village of Thiensville, Wiscon...	--	Raymond James & A...	Ba
	Competitive	$8,000,000	Shiocton SD		WI	Shiocton School District, Wis...	--/A+/--	Raymond James & A...	Ba
	Competitive	$25,600,...	Elkhart Lake-Glenbeula...	Robbie	WI	Elkhart Lake-Glenbeulah Sch...	NR/AA-/NR	Fidelity Capital	Ge
	Competitive	$5,420,000	Gurnee Pk Dt		IL	Gurnee Park District, Illinois ...	--/AA+/--	Raymond James & A...	Ba
	Competitive	$3,000,000	Westbrook-Walnut Gov...		MN	Independent School District ...	--	Raymond James & A...	Ba
	Competitive	$55,000,...	Iowa W Comm Coll	Robbie	IA	Iowa Western Community C...	Aa1/--/--	Morgan Stanley	Ge
03/17/2026 (12)									
	Competitive	$15,000,...	Starkville	Lisa	MS	City of Starkville, Mississippi...	A1/NR/NR	Raymond James, TN	Ge
	Competitive	$9,000,000	Sandusky	Robbie	OH	City of Sandusky, Ohio Gener...	A1/NR/NR	Raymond James & A...	Ge
	Negotiated	$4,245,000	Utah Hsg Corp	Steven/Carrie /M...	UT	2026 SERIES B (AMT)	Aa2/--/--	RBC Capital Markets	Ge
	Negotiated	$8,190,000	City of Chelsea	Steve/Tammy	AL	City of Chelsea, Alabama Ge...	NR/AA/NR	Raymond James, GA	Ba
	Negotiated	$317,070...	Philadelphia Redev A	Jock/Rhonda	PA	SERIES A OF 2026 (FEDERAL...	A1/A+/A+	RBC Capital Markets	Ta
	Negotiated	$59,995,...	Ohio Hsg Fin Agy	Steven/Carrie /M...	OH	Ohio Housing Finance Agenc...	Aa1/NR/NR	JP Morgan Sec	Ta
	Negotiated	$90,240,...	Utah Hsg Corp	Steven/Carrie /M...	UT	2026 SERIES A (NON-AMT)	Aa2/--/--	RBC Capital Markets	Ge
	Negotiated	$90,000,...	Ohio Hsg Fin Agy	Steven/Carrie /M...	OH	Ohio Housing Finance Agenc...	Aa1/NR/NR	JP Morgan Sec	Ge
	Negotiated	$77,650,...	Philadelphia Redev A	Jock/Rhonda	PA	SERIES B OF 2026 (TAX-EXE...	A1/A+/A+	RBC Capital Markets	Ge
	Negotiated	$130,000...	Utah Hsg Corp	Steven/Carrie /M...	UT	2026 SERIES C (FEDERALLY ...	Aa2/--/--	RBC Capital Markets	Ta
	Negotiated	$250,680...	Indiana Fin Auth	Parker/Carrie	IN	INDIANA FINANCE AUTHORI...	NR/AAA/AAA	JP Morgan Sec	Ge
	Negotiated	$10,500,...	Memphis Hlth Educ &	Steven/Carrie /M...	TN	Collateralized Multifamily Ho...	--/AA+/--	Raymond James & IL	Ge

Bought	Deal Type	Amount	Issuer	Underwriter	State	Description	Rating	Book Manager	Stru
03/18/2026 (7)									
	Competitive	$1,500,000	Chippewa Vly Tech Co	Bobby	WI	Chippewa Valley Technical C...	Aa1/NR/NR	Fidelity Capital	Ge
	Competitive	$12,250,...	Jefferson County	Lisa	TN	Jefferson County, Tennessee...	Aa1/NR/NR	Fidelity Capital	Ge
	Competitive	$1,600,000	Horseheads Ctrl SD	Bobby	NY	Horseheads Central School ...	NR/A+/NR	Fidelity Capital	Ge
	Competitive	$3,615,000	Middletown	Robbie	NY	City of Middletown, New Yor...	A1/NR/NR	Raymond James As...	Ge
	Negotiated	$896,560...	NYC Muni Wtr Fin	Jock/Rhonda	NY	Water and Sewer System Se...	Aa1/AA+/AA+	Raymond James As...	Ge
	Negotiated	$86,570,...	NYC Muni Wtr Fin	Jock/Rhonda	NY	Water and Sewer System Se...	Aa1/AA+/AA+	Raymond James As...	Ge
	Negotiated	$48,000,...	Dickson	Steven/Carrie /M...	TN	Multifamily Housing Revenu...	Aa1/--/--	Raymond James & IL	Ge
03/19/2026 (4)									
	Competitive	$38,140,...	Mishawaka	Robbie	IN	City of Mishawaka, Indiana S...	NR/A/NR	Raymond James & A...	Ge
	Competitive	$30,680,...	East Rutherford Borou...	Bobby	NJ	Borough of East Rutherford, ...	Aa3/NR/NR	Fidelity Capital	Ge
	Negotiated	$27,980,...	Bryan County Public Fa...	Steve/Tammy	GA	Bryan County Public Facilitie...	Aa1/NR/NR	Raymond James, GA	Ge
	Negotiated	$495,500...	Pennsylvania Tpk Com	Jay/Rhonda	PA	Pennsylvania Turnpike Com...	A2/A+/A	Raymond James As...	Ge

Let's talk!

We encourage all onboarded accounts to schedule regular one-on-one strategy calls with our team. These sessions are a great opportunity to discuss current market conditions, review and analyze existing accounts, or even collaborate on a tailored example portfolio to help you pitch a prospective client.

Have a great week!

Tim Sackmaster, CFA
Head RIA Partnership Group

Camille Hernandez
HNW Fixed Income Portfolio Strategist

Sumaiyya Khan, CFA
HNW Fixed Income Portfolio Strategist

Josh Milrad
Fixed Income Portfolio Analyst

Fixed Income Capital Markets
T 727.567.2815
880 Carillon Parkway, St. Petersburg, FL 33716

RAYMOND JAMES
www.riapartnershipgroup.com

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