

# Municipal Bond Investor Weekly

High Net Worth Wealth Solutions and Market Strategies // Fixed Income Solutions



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## THE WEEK AHEAD

1. Municipal bond yields followed Treasuries lower last week as markets reacted to signs of de-escalation in the Middle East. The markets will continue to be focused on geopolitical headlines this week, as well as more inflation (PPI on Tuesday and Trade Prices on Wednesday) and housing market (Existing Home Sales on Monday and NAHB Housing Market Index on Wednesday) data.
2. Even though municipal yields moved lower last week, they remain at historically attractive levels in intermediate and longer-term maturities.
3. Municipal new issue supply is estimated to increase to \$13.5 billion, providing plenty of bonds for investors with cash to put to work this week.

## MONDAY'S COMMENTARY

Tax Time – Trends in State Tax Collections  
Illustrative Portfolios

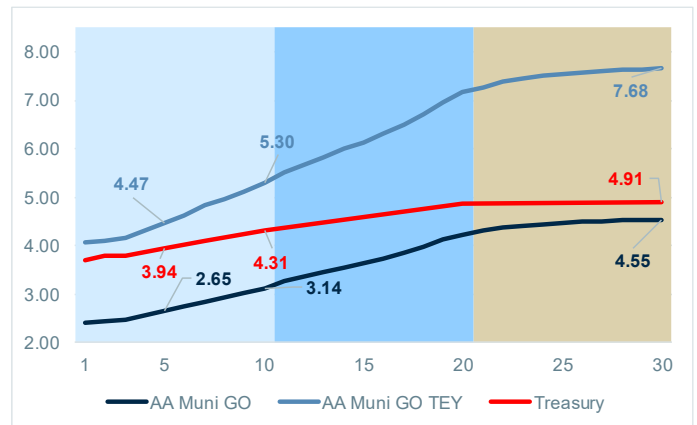
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## THE NUMBERS THIS WEEK

Yields moved lower across the board last week. Treasury yields fell by 2 to 5 basis points 10 years and shorter while longer-term yields went unchanged. Municipal yields moved lower as well, with the benchmark AAA curve finishing the week down by 9 to 12 basis points. Muni-Treasury ratios remain below historical norms on the short and intermediate part of the curve while maintaining more attractive levels on the longer part of the curve.

Year		Treasury	Municipal (AAA)	Municipal (A)	Municipal TEY* (AAA)	Municipal TEY* (A)	Muni (AAA)/Tsy Ratio	Muni TEY* (AAA)/Tsy Ratio
1	2027	3.70	2.27	2.75	3.83	4.64	61%	103%
2	2028	3.81	2.27	2.78	3.83	4.70	60%	101%
5	2031	3.94	2.42	3.02	4.09	5.11	61%	104%
10	2036	4.31	2.89	3.52	4.89	5.95	67%	113%
20	2046	4.89	3.98	4.73	6.73	7.99	81%	138%
30	2056	4.91	4.29	5.05	7.24	8.53	87%	148%

\*Taxable equivalent yield @ 40.8% tax rate



TAX TIME – TRENDS IN STATE TAX COLLECTIONS

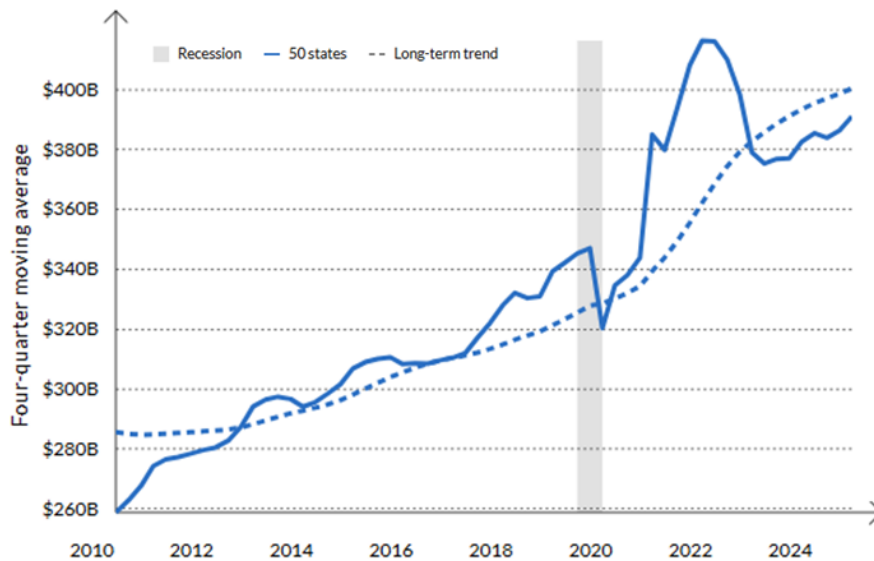
With this week’s April 15 tax filing deadline, not only will the federal government be collecting income tax, but states and local governments will be collecting their share as well. According to the Tax Policy Center, individual income taxes have been the largest source of federal revenue since 1944, accounting for roughly 50% of total revenue collected, with the rest coming from corporate income, social insurance/payroll, excise, consumption, property, and other taxes. According to the Tax Foundation, nearly half of all US tax revenue is collected by states and local municipalities, and at the state level approximately 75% of revenue comes from personal income, sales and corporate income taxes. These revenues are important for municipal bond investors as a portion of those tax revenues are earmarked to pay debt service on municipal bonds. Given this backdrop, it’s reasonable to ask: how are states faring when it comes to tax revenue collections?

**State Tax Revenues Have Stabilized**

With various taxes serving as the primary source of revenue for most states, trends in tax collections provide useful insight into states’ fiscal health and their ability to pay debt service and to continue providing essential services such as education, healthcare, infrastructure, etc. Over the last 15 years, states have generally experienced a pattern of steady growth in tax revenue as they recovered from Great Recession. That was disrupted in 2020 when the COVID-19 pandemic hit and disrupted the economy. The unprecedented pandemic led to five years of volatility – tax revenues initially declined in 2020 when the economy shut down, rebounded sharply in 2021 and 2022 as the economy reopened and the federal government provided stimulus, and then contracted again in subsequent years. By fiscal year 2025 growth in tax collections stabilized and returned closer to historical norms, albeit below the 15-year trend. While slowdowns in revenue growth often occur during periods of recession, the recent softness is a result of a combination of factors, including the fading of federal stimulus from the pandemic-era federal aid and tax cuts enacted by several states. As a result, recent revenue growth has been modest and remains below trend but appears to be on more stable footing.

# State Tax Revenue

(adjusted for inflation and seasonality)



How quarterly tax receipts across 50 states compare with their long-term trend over the last 15-years. Revenue growth has stabilized since the volatility experienced in the years during and following the pandemic, though it remains below the trend of the last 15-years.

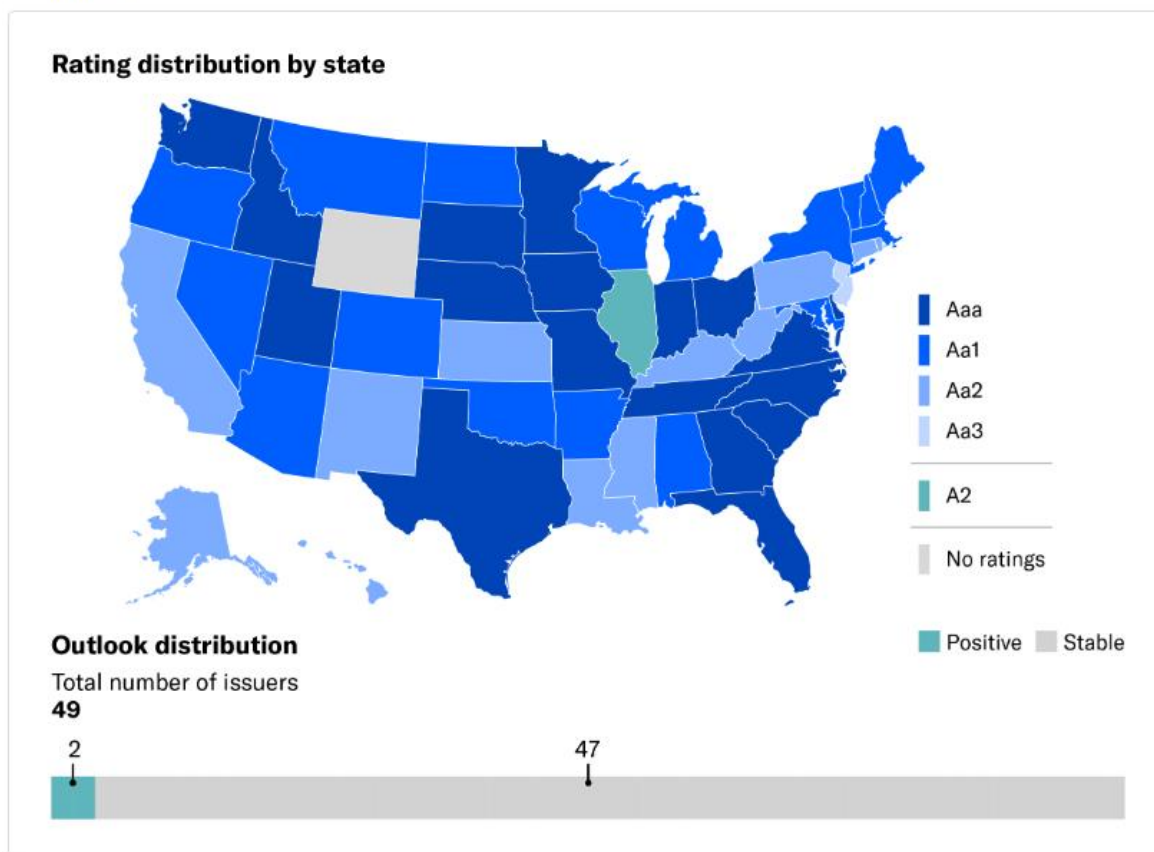
Sources: Pew analysis of data from the Urban Institute, U.S. Census Bureau, and U.S. Bureau of Economic Analysis

## Implication for States

Most states entered 2026 in a position of strength, having built up reserves and rainy-day funds in anticipation of moderation in revenues from pandemic-era highs. This strength is reflected in credit quality. As can be seen in the map below, according to Moody's, 48 of 50 states are rated in the Aa category or higher, including 18 rated Aaa, and they all have stable or positive outlooks. Most states also have a balanced budget requirement, unlike the Federal government which is permitted to run deficits. As states move into budget season and prepare balanced budgets for the upcoming fiscal year, policymakers face the challenge of navigating below trend growth in tax revenue at a time of higher costs and changes in federal tax policy impacting funding to states. These dynamics could limit states' abilities to cut income or property taxes further – despite frequent headlines highlighting such efforts - and to expand services for residents. That said, ample reserve balances – along with other tools at states' disposal - provide an important buffer. Revenue raising flexibility like increasing taxes or fees, as well as the ability to cut spending, help to enhance fiscal resilience and position states to maintain overall financial strength even with a more constrained revenue environment.

### Distribution of ratings and outlooks of US states

As of Nov. 4, 2025



Source: Moody's, 2026 Outlook - Stable as revenue grows while labor and stock markets pose risks (4/4/25)

### What Does This Mean for Investors?

Overall, municipal bond fundamentals remain sound. Although tax revenue growth is no longer a tailwind, solid balance sheets and prudent fiscal management support the strong credit quality of most states' municipal debt. In selecting municipal bonds, a thorough analysis of the specific credit should always be done to ensure the investment falls within the client's risk tolerance. For investors seeking reliable tax-efficient income, municipals continue to play

an important role in fixed income portfolios. Talk to your financial advisor about how a custom municipal bond portfolio can help you meet your wealth preservation and cash flow needs.

ILLUSTRATIVE PORTFOLIOS

- ✓ Municipal bond market rallied with yields lower across the curve by 9 to 12 basis points: down 9 to 11 basis points inside 5-years, 11 to 12 basis points further out on the curve.
- ✓ **Looking to maximize yield?** The 20-to- 30-year range offers an **additional 63 basis points** (over 10 – 20 years), without significantly increasing volatility (average modified duration ~5.3 on 10-to-20-years vs 6.3 on 20-to-30-years).
- ✓ The **current yield is ~4.80%**.
- ✓ A 20-to 30-year portfolio rated A or better can produce a federal tax-free yield to worst of ~4.38%, which equates to a **taxable equivalent yield to worst of ~7.40%** for an investor in the top federal tax bracket and subject to the net investment income tax. If the callable bonds are not called, the yield to maturity increases to 4.72%, which equates to a **taxable equivalent yield to maturity of ~7.98%**.
- ✓ An investment with \$1 million par value (~\$1,050,317 market value with accrued interest) will generate a federally tax-exempt **annual coupon cash flow of approximately \$49,875**.

**National Municipal Bond Illustrative Portfolios**

*Week of April 13, 2026*

**1 – 10 Years**

**10 – 20 Years**

**20 – 30 Years**

Totals & Averages @ Market	
Summary Totals	
Original Face	\$1,000,000
Current Face (Par)	\$1,000,000
Market Principal	\$1,057,648
Accrued Interest	\$10,765
Cash & Cash Alternatives	\$0
-	-
-	-
Total Portfolio Value	\$1,068,414
Next 12mo Cpn Cash Flow	\$44,500
Generic Annual Cpn Cash Flow	\$44,500
Weighted Averages	
Coupon*	4.450%
Maturity**	5.75 yrs
Duration	3.29
Yield to Worst	2.767%
Yield to Maturity	3.286%
Market Price*	105.765
Tax Lots Holdings Included	20 of 20

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

Totals & Averages @ Market	
Summary Totals	
Original Face	\$1,000,000
Current Face (Par)	\$1,000,000
Market Principal	\$1,044,506
Accrued Interest	\$11,968
Cash & Cash Alternatives	\$0
-	-
-	-
Total Portfolio Value	\$1,056,473
Next 12mo Cpn Cash Flow	\$46,625
Generic Annual Cpn Cash Flow	\$46,625
Weighted Averages	
Coupon*	4.663%
Maturity**	15.64 yrs
Duration	5.39
Yield to Worst	3.755%
Yield to Maturity	4.257%
Market Price*	104.451
Tax Lots Holdings Included	20 of 20

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

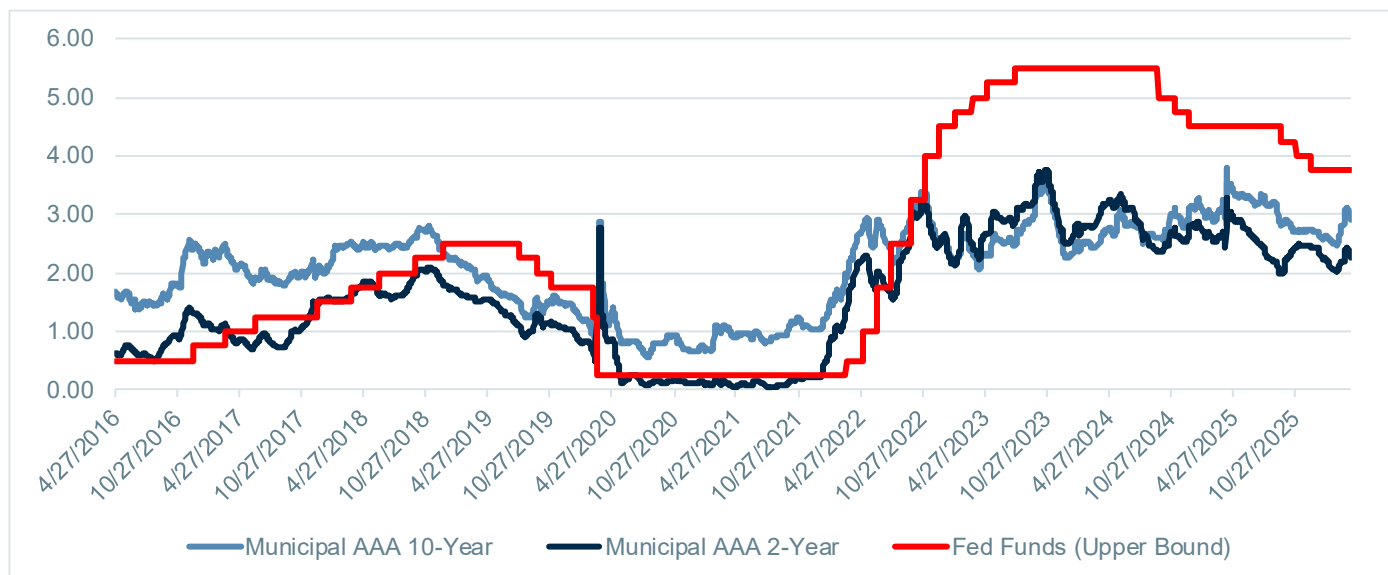
Totals & Averages @ Market	
Summary Totals	
Original Face	\$1,000,000
Current Face (Par)	\$1,000,000
Market Principal	\$1,038,366
Accrued Interest	\$11,952
Cash & Cash Alternatives	\$0
-	-
-	-
Total Portfolio Value	\$1,050,317
Next 12mo Cpn Cash Flow	\$49,875
Generic Annual Cpn Cash Flow	\$49,875
Weighted Averages	
Coupon*	4.988%
Maturity**	25.60 yrs
Duration	6.34
Yield to Worst	4.383%
Yield to Maturity	4.725%
Market Price*	103.837
Tax Lots Holdings Included	20 of 20

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

NAVIGATING TODAY'S MARKET

New issuance is expected to come in at around \$13.5 billion this week according to The Bond Buyer. Some of the larger deals include: New York City (Aa2/AA) bringing a \$2.3 billion taxable general obligation deal to market; Hawaii (Aa2/AA+/AA) is selling \$1.5 billion of taxable general obligation bonds; the Los Angeles County Metropolitan Transportation Authority (Aa1/AAA) is issuing \$337 million of sales tax revenue bonds; the Austin Texas Airport System (A1/A+) is selling \$1.1 billion of airport system revenue bonds; and the Miami-Dade County School Board (A1/-) is bringing a \$360 million deal to market. See table below for additional new issuance.

HISTORICAL YIELDS



Date	Amount (\$ millions)	Issuer	ST	Description	Ratings	Maturity
04/14/2026	26	City of Killeen	TX	General Obligation Refunding Bonds,	--/AA/--	2027 - 2034
04/14/2026	30	Battle Creek Public Schools	MI	BATTLE CREEK PUBLIC SCHOOLS	Aa1/--/--	2027 - 2037
04/14/2026	20	Los Angeles Co MTA	CA	Proposition C Sales Tax Revenue	Aa1/AAA/NR	2027 - 2030
04/14/2026	33	Newport	RI	City of Newport, Rhode Island	--/AA+/--	2027 - 2046
04/14/2026	60	Arkansas Dev Fin Aut	AR	2026 Series A (Non-Amt)	--	2027 - 2057
04/14/2026	33	Novi	MI	2026 Unlimited Tax General Obligation	--/AAA/--	2027 - 2051
04/14/2026	227	Ohio Wtr Dev Auth	OH	OHIO WATER DEVELOPMENT	Aaa/AAA/NR	2028 - 2039
04/14/2026	109	Arkansas Dev Fin Aut	AR	2026 Series B (Non-Amt)	--	2057 - 2057
04/14/2026	15	San Bruno Pk SD	CA	2026 General Obligation Refunding Bonds	Aa2/--/--	2026 - 2048
04/14/2026	317	Los Angeles Co MTA	CA	Proposition C Sales Tax Revenue Bonds	Aa1/AAA/NR	2027 - 2046
04/15/2026	134	Klein ISD	TX	Unlimited Tax Refunding Bonds, Series	Aaa/AAA/--	2027 - 2041
04/15/2026	58	North Penn SD	PA	North Penn School District	Aa1/--/--	2027 - 2051
04/15/2026	41	Franklin-McKinley SD	CA	2026 General Obligation Refunding Bonds	Aa3/--/--	2026 - 2044
04/15/2026	2300	The City of New York City	NY	THE CITY OF NEW YORK	Aa2/AA/AA	2028 - 2052
04/16/2026	94	Grayson County Junior College	TX	General Obligation Bonds, Series 2026	Aa2/--/AA	2028 - 2051
04/16/2026	51	Carroll Co SD	GA	Carroll County School District (Georgia)	Aa1/--/--	2029 - 2033
04/16/2026	11	Lawndale ESD	CA	2026 General Obligation Refunding Bonds	--/AA/--	2026 - 2047
04/16/2026	14	Brandywine CS Berrien and Cass	MI	2026 School Building and Site Bonds,	--	2029 - 2044
04/16/2026	13	Lawndale ESD	CA	General Obligation Bonds, Election of	--/AA/--	2027 - 2047
04/16/2026	94	Grayson Co Jr Coll D	TX	GRAYSON COUNTY JUNIOR COLLEGE	Aa2/NR/AA	2028 - 2051
04/16/2026	40	Laurens Co SD	GA	Laurens County School District (Georgia)	Aa1/NR/NR	2029 - 2038

\*Moody's/S&P/Fitch. This offering calendar is for information purposes only, and is not intended as an offer for solicitation with respect to the purchase or sale of any securities. For more information on the new issues go to [www.raymondjames.com](http://www.raymondjames.com).

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Sourced from Bloomberg: Treasuries: US Fed H15 CMT Curve - The H15 curve is comprised of the constant maturity treasury rates as published daily by the Federal Reserve in the H15 report. Municipal (AAA): BVAL Municipal AAA Yield Curve (Callable) - The curve is populated with high quality US municipal bonds with an average rating of AAA from Moody's and S&P. The yield curve is built using non-parametric fit of market data obtained from the Municipal Securities Rulemaking Board, new issues, and other proprietary contributed prices. The curve represents 5% couponing. The 3 month to 10 year points are bullet yields, and the 11 year to 30 year points are yields to worst for a 10-year call. Municipal (AA): US General Obligation AA Muni BVAL Yield Curve - The BVAL curve is populated with pricing from uninsured AA General Obligation bonds. Municipal (A): US General Obligation A+ A A- Muni BVAL Yield Curve - The BVAL curve is populated with pricing from uninsured A+, A, and A-rated General Obligation bonds. Fed Funds (Upper Bound): The federal funds rate is the short-term interest rate targeted by the Federal Reserve's Federal Open Market Committee as part of its monetary policy. US Treasury securities are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance.

The illustrative portfolios are intended as a starting point for a conversation on individual bonds. They are not intended as specific recommendations and bonds are shown for illustration purposes only. The bonds listed in the illustrative portfolios are rated A or better, with average ratings from Moody's and Standard and Poor's of Aa2 / AA. The yields shown in the proposals are based on pricing models, not current market offers. Yields shown are indicative of general market levels but are not a guaranteed result. Prices and yields are not inclusive of any fees or commissions.

US Treasury securities are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value. The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ. The NASDAQ Composite is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance.

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