

# Municipal Bond Investor Weekly

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



**NOREEN MCCLURE**

Director  
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## THE WEEK AHEAD

1. President Trump signed the “One Big Beautiful Bill” on Friday, settling the uncertainty of any changes to the tax-exempt status of municipal bonds and the extension of the alternative minimum tax to 2017 provisions.
2. This week’s new issue supply is expected to be ~ \$11.4 billion, up considerably vs. last week’s holiday-shortened week. This supply is expected to offer some relief for those trying to find reinvestment opportunities for their redemptions.



**DREW O’NEIL**

Director  
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## MONDAY’S COMMENTARY

A Timely Opportunity  
Illustrative Portfolios

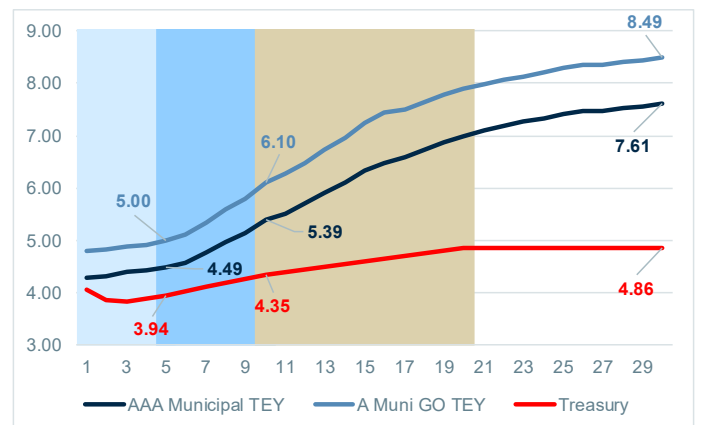
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## THE NUMBERS THIS WEEK

Yields were mixed in the holiday-shortened week. Treasuries sold off, taking yields higher across the curve, with most of the moves coming after Thursday’s strong employment data. The selloff was strongest in shorter maturities as 1 to 5 year yields rose by 11 to 18 basis points while intermediate and long-term yields rose by 5 to 9 basis points. Municipal yields behaved a little differently than their taxable counterparts. Yields on the benchmark AAA curve fell by 2 to 6 basis points inside of 10 years and rose by 2 to 3 basis points out longer.

Year		Treasury	Municipal (AAA)	Municipal (A)	Municipal TEY* (AAA)	Municipal TEY* (A)	Muni (AAA)/Tsy Ratio	Muni TEY* (AAA)/Tsy Ratio
1	2026	4.07	2.54	2.85	4.29	4.81	62%	105%
2	2027	3.88	2.56	2.86	4.33	4.83	66%	112%
5	2030	3.94	2.66	2.96	4.49	5.00	67%	114%
10	2035	4.35	3.19	3.61	5.39	6.10	73%	124%
20	2045	4.87	4.15	4.68	7.00	7.90	85%	144%
30	2055	4.86	4.50	5.02	7.61	8.49	93%	157%

\*Taxable equivalent yield @ 40.8% tax rate



## A TIMELY OPPORTUNITY

As we move through the heart of summer, many of us are enjoying a slower pace --- traveling, spending time with family, and taking advantage of the season's more relaxed rhythm. This quieter period can offer an ideal opportunity to revisit your financial goals and assess whether your investment strategy remains aligned with them.

Last week, my colleague provided our readers with a mid-year overview of market developments during the first half of 2025, highlighting the importance and potential value of conducting a mid-year review of one's personal investment portfolio.

**One of the primary reasons investors choose individual fixed income securities is to help preserve wealth in a manner tailored to their specific needs.** The structure of your portfolio should reflect your unique circumstances, including:

- The level of cash flow you need to generate
- Preferred duration and maturity profile
- Your credit quality preferences
- Tax implications – income bracket and state of residency

When it comes time for a portfolio review, it is important to revisit the original objectives that guided its construction. Have those goals evolved? Have there been changes in your personal or financial circumstances that warrant adjustments? We cover all these topics in the review process.

***What is your current cash flow?*** Is your portfolio generating sufficient cash flow to meet your ongoing financial needs? As you approach retirement, or if you are retired, this question becomes increasingly important. If your cash flow requirements are expected to rise, it may be necessary to adjust your portfolio to ensure it continues to support your evolving lifestyle and financial goals.

***What is the current maturity structure?*** Was your original strategy designed as a 5 to 15-year ladder, which has since shortened to a 5 to 10-year ladder, or perhaps even less? If so, it may be time to reassess. A portfolio that has become too short in maturity may expose you to increased reinvestment risk, particularly in a changing interest rate environment. Also, knowing your portfolio's duration (which is different from maturity), lets you know how much your portfolio's value will change as interest rates change over time --- price changes should not be a surprise to any bond investor.

***Is the credit quality of your bonds still in line with your risk profile?*** Over time, the credit quality of individual bonds can change, just as an investor's risk tolerance and financial objectives may evolve. This is why it is essential to periodically review your holdings and ensure that your fixed income investments continue to align with your current risk profile and long-term goals.

***Is your asset allocation aligned with your goals and objectives?*** With the recent strength in the equity markets, some portfolios may now be heavily overweight in growth-oriented assets. While this may have contributed to recent gains, it could also mean that your portfolio is no longer balanced. Overexposure to equities may reduce the emphasis on wealth preservation, which is a critical component of a well-diversified investment strategy.

***Are you overweight in cash balances?*** As my colleague Ted Ruddock noted last week, the months of June through August represent a significant period for bond redemptions, with over \$172 billion in principal and interest payments in motion. If you've received proceeds from maturing securities, have those funds been reinvested based on your plan? Holding excessive cash may result in missed opportunities, particularly in a dynamic interest rate environment.

**Regular portfolio reviews help ensure that your investment strategy remains aligned with your evolving needs and market conditions. If you haven't done so recently, now may be an ideal time to schedule a conversation with your financial advisor. Ask for a copy of your Fixed Income Portfolio Analysis report ---**

it provides a concise summary of your bond portfolio covering all these topics, along with a complete list of the bonds you own.

## ILLUSTRATIVE PORTFOLIOS

Our illustrative proposals reflect three opportunities along the yield curve with bonds maturing from 1 to 30 years. Last week 10-year Treasury yields increased around 9 basis points. Municipal yields were lower by 2 to 5 basis points inside 15 years, while levels on the long end were higher about 2 basis points.

Strategically, our 10–20-year maturity illustration continues to offer an excellent tax efficient solution. **Looking to maximize yield?** The 20 – 30-year range offers an additional ~50 basis points (over 10 – 20 years), without significantly increasing volatility (modified duration 7.09 on 10 - 20 years vs 7.63 on 20-30 years). A 20 – 30 year portfolio rated A or better, produces a tax-free yield to worst of ~4.72%, which equates to a **taxable equivalent yield to worst of ~7.97%** 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 ~4.86%, which equates to a **taxable equivalent yield to maturity of ~8.21%**. This option has an average coupon ~4.95% and a market price of ~101.221. The **current yield is ~4.89%**. An investment with \$1 million par value (~\$1,012,208 market value with accrued interest) will generate a federally tax-exempt annual coupon cash flow of \$49,500.

### National Municipal Bond Illustrative Portfolios

Week of July 07, 2025

#### 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	\$1,045,940
Accrued Interest	\$9,347
Cash & Cash Alternatives	\$0
-	-
-	-
Total Portfolio Value	\$1,055,287
Next 12mo Cpn Cash Flow	\$44,000
Generic Annual Cpn Cash Flow	\$44,000
Weighted Averages	
Coupon*	4.400%
Maturity**	5.49 yrs
Duration	3.39
Yield to Worst	3.028%
Yield to Maturity	3.325%
Market Price*	104.594
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	\$1,025,940
Accrued Interest	\$9,188
Cash & Cash Alternatives	\$0
-	-
-	-
Total Portfolio Value	\$1,035,129
Next 12mo Cpn Cash Flow	\$47,225
Generic Annual Cpn Cash Flow	\$47,250
Weighted Averages	
Coupon*	4.725%
Maturity**	15.36 yrs
Duration	7.09
Yield to Worst	4.201%
Yield to Maturity	4.460%
Market Price*	102.594
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.

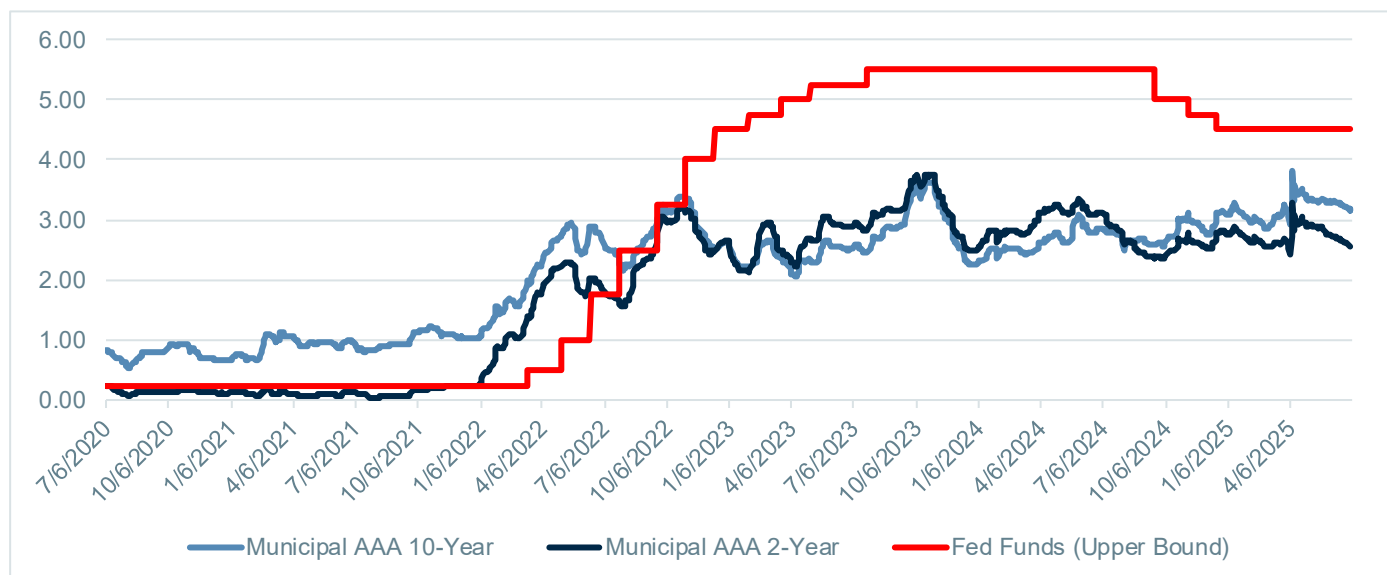
Totals & Averages @ Market	
Summary Totals	
Original Face	\$1,000,000
Current Face (Par)	\$1,000,000
Market Principal	\$1,012,208
Accrued Interest	\$10,309
Cash & Cash Alternatives	\$0
-	-
-	-
Total Portfolio Value	\$1,022,517
Next 12mo Cpn Cash Flow	\$48,540
Generic Annual Cpn Cash Flow	\$49,500
Weighted Averages	
Coupon*	4.950%
Maturity**	25.41 yrs
Duration	7.63
Yield to Worst	4.724%
Yield to Maturity	4.866%
Market Price*	101.221
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

Over \$11 billion in new issuance is expected this week, according to The Bond Buyer. Some of the larger deals include: the California State University Trustees (Aa2/AA-) is selling \$1.73 billion of systemwide revenue bonds, with both a taxable and tax-exempt series; the Washington Metropolitan Area Transit Authority (-/AA/-) is issuing \$654 million of second lien dedicated revenue bonds; the Mesquite Independent School District, TX (Aaa/AAA/AAA) is bringing a \$497 million PSF-backed unlimited tax school building deal to market; the Texas Public Finance Authority (-/AAA/AAA) is selling \$300 million of taxable general obligation refunding bonds; and the Sherman Independent School District, TX (Aaa/AAA/AAA) is bringing a \$226 million PSF-backed unlimited tax school building bond deal to market. See table below for additional new issuance.

HISTORICAL YIELDS



Date	Amount	Issuer	ST	Description	Moody's/S&P/Fitch	Maturity
07/08	\$239MM	Miami Beach Redevelopment	FL	Tax Increment Revenue Refunding Bonds,	A1/A--	2026 - 2044
07/08	\$8MM	Mississippi Dev Bank	MS	Special Obligation Bonds, Series 2025	Aa2/--/--	2026 - 2045
07/08	\$5MM	City of Lincoln, AL	AL	Taxable General Obligation Warrants,	--/AA--	2028 - 2039
07/08	\$4MM	Soledad USD	CA	2025 Certificates of Participation	--/AA--	2026 - 2049
07/08	\$9MM	City of Lincoln, AL	AL	General Obligation Warrants, Series 2025-	--/AA--	2026 - 2044
07/08	\$84MM	Louisiana Housing Corporation	LA	Single Family Mortgage Revenue Bonds	Aa1/--/--	2035 - 2055
07/08	\$224MM	Hampton Roads Sanitation Dist	VA	Hampton Roads Sanitation District,	--	2026 - 2026
07/08	\$5MM	Soledad USD	CA	General Obligation Bonds, 2024 Election,	--/AA--	2026 - 2049
07/08	\$191MM	Tomball ISD	TX	Tomball Independent School District,	Aaa/AAA--	2027 - 2051
07/08	\$20MM	Louisiana Housing Corporation	LA	Single Family Mortgage Revenue Bonds	Aa1/--/--	2026 - 2045
07/08	\$9MM	PBA City of Lincoln, AL	AL	The Public Building Authority of the City of	--/A--	2026 - 2054
07/09	\$97MM	Seminole County, Florida	FL	Water and Sewer Revenue Refunding	Aa1/AA+/-	2026 - 2036
07/09	\$21MM	Denison ISD	TX	Denison Independent School District	Aaa/--/--	2026 - 2055
07/09	\$300MM	Texas Pub Fin Auth	TX	Texas Public Finance Authority, Texas	--/AAA/AAA	2025 - 2044
07/09	\$30MM	West Virginia Hsg Fu	WV	Housing Finance Bonds	Aaa/AAA--	2026 - 2055
07/09	\$30MM	West Virginia Hsg Fu	WV	Housing Finance Bonds	Aaa/AAA--	2026 - 2055
07/09	\$497MM	Mesquite ISD	TX	MESQUITE INDEPENDENT SCHOOL	--/AAA/AAA	2026 - 2052
07/10	\$103MM	City of El Paso	TX	General Obligation Refunding Bonds,	--/AA+/-	
07/10	\$7MM	Lake Dallas	TX	City of Lake Dallas, Texas	--/AA--	2029 - 2045
07/10	\$18MM	Gobles Pub Schs	MI	2025 School Building and Site Bonds,	Aa1/--/--	2028 - 2051
07/10	\$591MM	Spring ISD	TX	Unlimited Tax School Building and	Aaa/AAA--	2026 - 2055
07/10	\$114MM	California St Univ T	CA	TRUSTEES OF THE CALIFORNIA STATE	Aa2/AA--	2026 - 2051
07/10	\$1613MM	California St Univ T	CA	TRUSTEES OF THE CALIFORNIA STATE	Aa2/AA--	2026 - 2056

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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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M23-184726 through 4/28/26