ARCHIVED UPDATE

National

September 21, 2026

Market Commentary

LAST WEEK - FED HIKES, 10-YEAR CLOSES ABOVE 5%

Last week marked the seventh consecutive week of higher yields, as the 10-year Treasury closed above 5% for the first time since 2007. The seven-week run is the longest losing streak for Treasuries since 2011, and the 5% close on the benchmark note is a level that many investors have not seen in their careers. What began as an oil-driven inflation scare over the summer has become a sustained repricing of the entire curve. On Wednesday, the FOMC raised rates by 25 bps to a 3.75%-4.00% target range. The move itself was widely anticipated; the more consequential information came from the new dot plot, which implies another hike this year. Sixteen of the eighteen dots projected at least one more increase - an unusually broad consensus for a Committee that was split 9-3 as recently as July. The message is that this is not a one-and-done adjustment.

FEDERAL RESERVE POLICY OUTLOOK - REMOVING ACCOMMODATION

In his press conference, Chairman Warsh reiterated the Fed's commitment to its 2% inflation goal. With core PCE running at 3.3% year-over-year, he said plainly that inflation is too high and that the Fed is taking away some accommodation. The language is notable: framing the hike as removing accommodation, rather than tightening, signals that the Committee views the prior policy stance as having been too easy for the inflation environment - and leaves room for more. The combination of the rate hike and the hawkish press conference has renewed the market's confidence in the Fed's independence and its inflation-fighting credibility. After a summer in which markets questioned whether the Fed would act against the Administration's stated preference for lower rates, Wednesday answered that question.

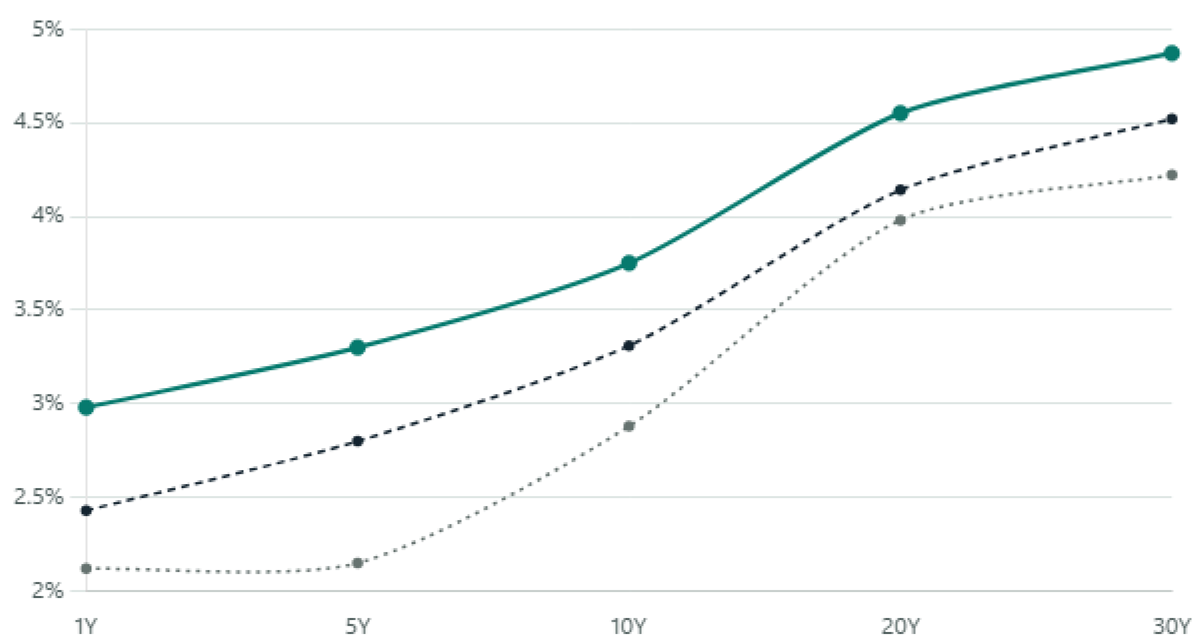
THIS WEEK - TREASURY SUPPLY & ECONOMIC CALENDAR

$183bn in coupon auctions this week, concentrated in the belly of the curve: Tuesday 2-Year Note - $69bn; Wednesday 5-Year Note - $70bn; Thursday 7-Year Note - $44bn. These are the maturities most directly sensitive to the Fed's policy path, so demand at these auctions will be a useful read on how the market is digesting the new dot plot. There are no major economic releases this week - only second-tier data. Markets will hear from seven Fed speakers, who should add color to last week's decision and, in particular, to how firmly the Committee is leaning toward the additional hike the dots imply. The next major data point is next Wednesday, September 30, when the Fed's #1 inflation gauge, PCE, is released.

MACRO OUTLOOK - OIL AND FED SPEAKERS DRIVE A LIGHT WEEK

With the data calendar light and the Fed's near-term direction now clearly signaled, expect markets to trade off oil prices and geopolitical events this week. Oil remains the primary transmission channel between the Middle East and U.S. inflation expectations, and by extension the long end of the curve. The Fed speakers are the wild card - any hint that the Committee is less unified than the dots suggest, or conversely that it is prepared to move faster, would likely move the front end.

AAA MMD Yield Curve



Current Week　Prior Month　Prior Year

Federal Reserve & Market Expectations

FED FUNDS TARGET

3.75% - 4.00%

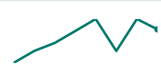
FOMC STANCE

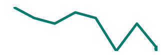
The FOMC raised rates 25 bps on September 16th; the new dot plot implies another hike this year (16 of 18 dots), and Chairman Warsh framed the move as removing accommodation, not one-and-done. Next FOMC is October 28th; PCE lands September 30th

MEETING	HOLD	CUT	HIKE
Oct 2026	40%	0%	60%

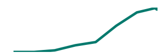
Implied probabilities derived from 30-Day Fed Fund futures (CME FedWatch).

U.S. Treasury Benchmarks

TENOR	CURRENT	Δ WOW	PRIOR WK	PRIOR MO	PRIOR YR	8-WK TREND
2Y	4.75%	+12 bp	4.63%	4.24%	3.57%	
5Y	4.83%	+5 bp	4.78%	4.43%	3.68%	
10Y	4.96%	—	4.96%	4.74%	4.14%	

TENOR	CURRENT	Δ WOW	PRIOR WK	PRIOR MO	PRIOR YR	8-WK TREND
30Y	5.29%	-6 bp	5.35%	5.27%	4.75%	

Municipal AAA MMD Benchmarks

TENOR	CURRENT	Δ WOW	PRIOR WK	PRIOR MO	PRIOR YR	8-WK TREND
1Y	2.98%	+26 bp	2.72%	2.43%	2.12%	
5Y	3.30%	+15 bp	3.15%	2.80%	2.15%	
10Y	3.75%	+5 bp	3.70%	3.31%	2.88%	
20Y	4.55%	+1 bp	4.54%	4.14%	3.98%	
30Y	4.87%	—	4.87%	4.52%	4.22%