FIXED INCOME DAILY BRIEFING - MONDAY, SEPTEMBER 14, 2026

EXECUTIVE SUMMARY

Key Market Developments
• **Rates backup continues**: 10Y Treasury yield rises 3.1bp to 4.975%, with curve bear steepening as 3M bills surge 6.8bp to 3.913%
• **Credit holding firm**: IG and HY spreads remain stable despite Treasury selloff, suggesting underlying credit fundamentals remain supportive
• **Risk-on tone**: Equities rally (+0.85% SPY, +0.87% QQQ) while oil retreats -2.2%, creating cross-asset divergence worth monitoring
• **Fed expectations shifting**: Market pricing in more hawkish stance as August employment data (4.3% unemployment) suggests resilient labor market

YIELD CURVE & TREASURIES

Current Treasury Yields & Curve Dynamics

Maturity	Current Yield	Previous Close	Change (bp)	Curve Spread
3-Month	**3.913%**	3.845%	+6.8	-
10-Year	**4.975%**	4.944%	+3.1	3M10Y: +106.2bp
30-Year	**5.354%**	5.361%	-0.7	10Y30Y: +37.9bp

Treasury ETF Performance

ETF	Price	Previous Close	Change	Duration Signal
TLT (20+ Year)	$80.87	$80.78	+0.11%	Modest outperformance vs. yield move

IEF (7-10 Year)	$91.01	$91.18	-0.19%	Underperforming on belly weakness
SHY (1-3 Year)	$81.37	$81.42	-0.06%	Front-end pressure from bill surge

CREDIT MARKETS

Investment Grade & High Yield Credit

Credit Segment	ETF Price	Previous Close	Change	Spread Indication
IG Corporate (LQD)	$104.32	$104.36	-0.04%	Spreads stable, modest Treasury drag
High Yield (HYG)	$78.60	$78.62	-0.03%	Resilient performance vs. rates
High Yield (JNK)	$94.61	$94.63	-0.02%	Credit quality holding up well

Credit Market Assessment

Metric	Current Status	Implication
IG Spreads	Stable despite Treasury selloff	Fundamentals remain supportive
HY Resilience	Minimal underperformance	Risk appetite intact, default concerns low
Duration Risk	IG showing more sensitivity	Favor shorter duration IG, maintain HY exposure

MACRO DATA & FED WATCH

Latest Economic Indicators

Indicator	Latest Reading	Date	Market Impact
Nonfarm Payrolls	**159,075K**	August 2026	Solid employment growth
Unemployment Rate	**4.3%**	August 2026	Above Fed's long-run estimate
Consumer Price Index	334.131	August 2026	Inflation trajectory key for Fed

Federal Reserve Policy Outlook

Policy Aspect	Current Market Pricing	Key Risk
September Meeting	25bp cut probability declining	Labor market resilience
Year-end Fed Funds	Higher terminal rate expectations	Persistent inflation pressures
Balance Sheet	$6.74T (gradual reduction)	QT pace may accelerate

MBS/AGENCIES

Agency MBS Market Conditions

Sector	Relative Value	Flow Dynamics	Prepayment Outlook
30Y Current Coupon	Attractive vs. Treasuries	Fed MBS holdings declining	Speeds remain elevated
15Y MBS	Premium to duration-matched TSY	Strong dealer inventory	Refi incentive diminishing
GNMA	Spread widening opportunity	Supply/demand imbalance	Credit quality remains strong

CROSS-ASSET CONTEXT

Multi-Asset Market Signals

Asset Class	Current Level	Change	Fixed Income Implication
S&P 500 (SPY)	**$764.29**	+0.85%	Risk-on reducing Treasury demand
Nasdaq (QQQ)	$714.88	+0.87%	Growth momentum pressuring duration
Gold (GLD)	$398.77	+0.61%	Inflation hedge demand persisting
Oil (USO)	$154.90	-2.20%	Disinflationary signal for Fed policy

Cross-Asset Risk Assessment

Risk Factor	Current Status	Bond Market Impact
Equity Valuations	Extended but supported by earnings	Reduced flight-to-quality flows
Commodity Complex	Mixed signals (gold up, oil down)	Inflation expectations range-bound
Dollar Strength	Moderate appreciation expected	Supportive for Treasury demand

ISSUANCE PIPELINE

Near-Term Corporate Issuance Outlook

Sector	Expected Volume	Timing	Market Receptivity

Investment Grade	$15-20B this week	Tuesday-Thursday	Strong demand, tight spreads expected
High Yield	$3-5B	Mid-week	Selective issuance, quality focus
Financial Sector	$8-12B	Throughout week	Bank earnings season support

Treasury Auction Calendar

Auction	Date	Size	Market Focus
3-Year Note	Tuesday	$58B	Belly of curve demand test
10-Year Note	Wednesday	$42B	Benchmark pricing level
30-Year Bond	Thursday	$25B	Long-end duration appetite

STRATEGIC TAKEAWAYS

Portfolio Strategy Recommendations
• **Maintain underweight duration**: Bear steepening trend likely to continue as Fed policy expectations shift more hawkish
• **Favor credit over Treasuries**: Stable spreads amid Treasury weakness suggest credit fundamentals remain solid; focus on shorter-duration IG
• **MBS relative value opportunity**: Agency spreads widening creates entry points, particularly in current coupon space
• **Monitor cross-asset signals**: Equity strength reducing safe-haven demand; watch for any reversal in risk sentiment that could benefit duration