



**CABRERA CAPITAL
MARKETS**

MUNICIPAL MARKET UPDATE

Public Finance

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Over the weekend, news was released that the Department of Justice served the Federal Reserve with grand jury subpoenas threatening criminal indictment. Early this morning, treasuries were higher by 4-5 basis points, but that has since subsided, and the 10-year Treasury is higher by only 1 basis point. Municipal Market Data (MMD) is currently unchanged.

Markets opened last week watchful rather than directional, taking a “wait and see” approach as labor data offered mixed information on job creation, inflation, and productivity, and some Fed governors continued to advocate for rate cuts. The MMD yield curve steepened significantly above 5 and 10-year averages, with the 30-year now 154 basis points, or nearly double the 10-year average.

The outperformance of MMD over Treasuries has significantly shifted MMD/UST ratios, which now stand well below the 1,5 & 10-year averages. Lipper reported \$1.50 billion in fund inflows for the week ending January 8, up from \$679 million the prior week. The SIFMA Municipal Swap Index reset to 1.37%, down 99 basis points from the previous week at 2.36%.

Change in the Shape of the MMD Yield Curve

Steepness (bps)

Range (yr)	Current	1 yrs ago	5 yr avg	10 yr avg
1-30	192	108	177	134
2-30	194	114	176	131
3-30	199	115	174	128
5-30	194	107	161	118
10-30	154	86	112	79

Key MMD/UST Ratios

Maturity	Current	1 yr avg	5 yr avg	10 yr avg
5 Yr	61%	67%	64%	74%
10 Yr	64%	72%	71%	82%
30 Yr	87%	90%	87%	93%

INTEREST RATE SNAPSHOT

MMD 1-Week Change

Term	9-Jan	2-Jan	Change (BPs)
2-Year	2.27%	2.39%	-12
5-Year	2.27%	2.40%	-13
10-Year	2.67%	2.78%	-11
20-Year	3.93%	4.00%	-7
30-Year	4.21%	4.25%	-4

UST 1-Week Change

Term	9-Jan	2-Jan	Change (BPs)
2-Year	3.54%	2.47%	+7
5-Year	3.75%	2.74%	+1
10-Year	4.18%	4.19%	-1
20-Year	4.76%	4.81%	-5
30-Year	4.82%	4.86%	-4

Municipal bond issuance is projected to reach approximately \$8 billion this week, an increase from \$5.9 billion last week.

Some of the week’s largest transactions include the following:

- **Cabrera Capital will serve as Lead Manager on a \$760.3 million Dallas Independent School District Unlimited Tax School Building Bonds, Series 2026A (Aa1/NR/NR/AAA) - PSF (Aaa/NR/NR/NR)***
- **\$1.5 billion New York New York City Transitional Finance Authority, Future Tax Secured Subordinate Bonds, Fiscal 2026 Series F-1 (Aa1/AAA/AAA/NR)****
- **\$1.276 billion Metropolitan Nashville Airport Authority Improvement Revenue Bonds, Series 2026A, B&C (NR/AA-/A+/AA)**

*Cabrera will serve as Senior Manager

**Cabrera will serve as Co-Manager



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NOTABLE DEALS LAST WEEK

- The Board of Regents of the University of Texas System (Aaa/AAA/AAA/NR) (Cabrera Co-Manager) priced \$974 million of Revenue Financing System Bonds. The transaction was structured to 2044 with a standard 10-year call, except 2038 which was noncallable. Due to favorable market conditions early in the week, the transaction was accelerated and entered the market a week before expected pricing. The transaction was met with very strong demand, garnering over \$5 billion in orders with total subscription of approximately 7 times. Spreads were lowered 2-10 basis points throughout the amortization.
- New York State Thruway Authority (A1/A/NR/NR) (Cabrera Co-Manager) priced \$840 million General Revenue Junior Indebtedness Refunding Obligations. The transaction was structured to 30 years with a standard 10-year call. The Authority accelerated the Retail Order Period on Wednesday, entering the Institutional Order Period that afternoon. From Retail to final pricing, the transaction was met with significant demand and spreads were lowered 8-23 basis points with the strongest demand in maturities 20 years and shorter.
- Conroe Independent School District (PSF Aaa/AAA/NR/NR, Underlying Aa2/AA+/NR/NR) priced \$422 million of Unlimited Tax School Building Bonds. Originally scheduled to price on Wednesday, the transaction was accelerated into Tuesday afternoon due to favorable market conditions. The transaction received extremely high subscriptions levels, including up to nearly 24 times in 2044. Spreads were lowered 2-14 basis points throughout, excluding 2048 which was unchanged.
- Garland Power and Light (Underlying A1/NR/AA-/NR, AGM Insured) priced \$98 million of Electric Utility System Revenue Refunding Bonds. The transaction was structured to 30 years with a standard 10-year call. Similar to most other transactions last week, it was met with significant demand and spreads were lowered 8-14 basis points throughout the amortization.



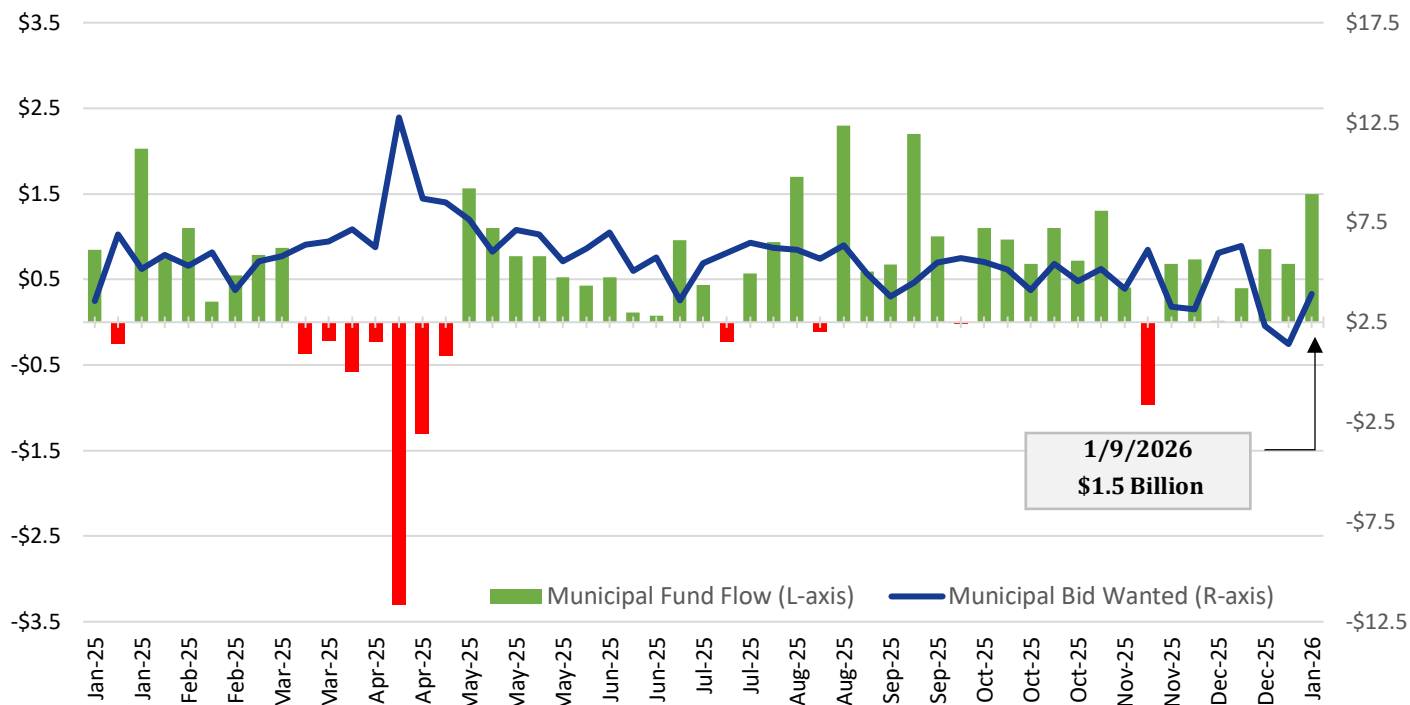


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MUNICIPAL FUND FLOWS

Week 1/2/2026 - 1/8/2026 saw inflows of \$1.5 billion

Source: Lipper, Bloomberg



UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
1,500.00	New York City Transitional Finance Authority**	NY	Future Tax Secured Subordinate Bonds
1,276.25	Metropolitan Nashville Airport Authority	TN	Airport Improvement Revenue Bonds
850.00	California Community Choice Financing Authority	CA	Clean Energy Project Revenue Bonds
760.38	Dallas Independent School District*	TX	Unlimited Tax School Building Bonds
419.20	Fort Carson Family Housing, LLC	CO	Taxable Military Housing Revenue Bonds
339.97	New Hope Higher Education Finance Corporation	TX	Higher Education Rev Bonds (Texas Christian Uni Project)
317.68	Boys Town Village	NE	Revenue Bonds
250.00	Texas Department of Housing and Community Affairs	TX	Residential Mortgage Revenue and Refunding Bonds
240.84	City of Raleigh	NC	Combined Enterprise System Rev and Rev Refunding Bonds
236.59	Town of Queen Creek	AZ	Certificates of Participation
235.75	Tarrant County Cultural Edu Facilities Corporation	TX	Hospital Revenue Bonds (Baylor Scott & White Health Project)
190.00	Maine Municipal Bond Bank	ME	Transportation Infrastructure Rev Bonds (Transcap Program)
183.53	Build NYC Resource Corporation	NY	Tax-Exempt Revenue Bonds
157.86	Desert Community College District	CA	General Obligation Bonds
154.08	El Paso Independent School District**	TX	Unlimited Tax School Building Bonds
150.00	Greenville Independent School District	TX	Unlimited Tax School Building Bonds
132.78	San Bernardino County Transportation Authority	CA	Sales Tax Revenue Bonds
132.12	College of the Law, San Francisco	CA	Revenue Bonds (Federally Taxable)

*Cabrera will serve as Senior Manager

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NOTABLE FIXED-RATE NEW ISSUE RESULTS FROM LAST WEEK

Board of Regents of the University of Texas Sys. TX Call Date 8/15/2036* Tax-Exempt \$974,505,000 Aaa/AAA/AAA/NR <i>Cabrera served as Co-Manager</i>					New York State Thruway Authority NY Call Date 1/1/2036 Tax-Exempt \$840,680,000 A1/A/NR/NR <i>Cabrera served as Co-Manager</i>				Garland Power and Light TX Call Date 3/1/2036 Tax-Exempt \$98,765,000 A1/NR/AA-/NR, AGM Insured AA S&P								
Maturity 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044					Coupon 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 * 5.00 5.00 * 5.00 * 5.00 * 5.00 * 5.00 * 5.00 * 4.00				Spread (2) 0 5 6 7 11 7 12 13 13 16 20 20 16 16 16 15 36					Yield 2.33 2.34 2.35 2.39 2.44 2.55 2.61 2.71 2.81 2.92 3.06 3.21 3.34 3.41 3.55 3.68 3.80 4.14			
Maturity 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 																	



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ECONOMIC CALENDAR (ALL TIMES IN EST)

Monday	Tuesday	Wednesday	Thursday	Friday
12-Jan	13-Jan	14-Jan	15-Jan	16-Jan
8:00 AM Richmond Fed President Tom Barkin speaks	8:30 AM U.S. Consumer price index, CPI year over year, Core CPI, and Core CPI year over year	8:30 AM U.S. retail sales, Retail sales minus autos, U.S. Producer price index, Core PPI, and Core PPI year over year	8:30 AM Initial jobless claims, U.S. import prices, and Empire state manufacturing survey	9:15 AM Industrial production and Capacity utilization
	2:00 PM U.S. budget deficit	2:00 PM Federal Reserve's Beige Book and New York Fed President John Williams opening remarks	12:40 PM Richmond Fed President Tom Barkin speaks	
19-Jan	20-Jan	21-Jan	22-Jan	23-Jan
None scheduled, Martin Luther King Jr. holiday	None scheduled	10:00 AM Construction spending (delayed report) and Pending home sales	8:30 AM Initial jobless claims and GDP (first revision)	8:30 AM Personal income, Personal spending, PCE index, and Core PCE (year-over-year)
				10:00 AM Consumer sentiment (final)

