



**CABRERA CAPITAL
MARKETS**

MUNICIPAL MARKET UPDATE

Public Finance

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Tuesday, January 20, 2026

The World Economic Forum's 2026 annual meeting in Davos began yesterday. This year's proceedings are expected to draw heightened scrutiny from global markets, as the conference assumes an especially prominent role and the administration prepares to engage with European partners on the future of Greenland.

Last week saw further yield increases for US Treasuries, focused mainly on the mid-short to mid-range of the curve. MMD significantly outperformed Treasuries, with lower yields through twenty years. Since last Monday, the 5 & 10-year MMD/UST ratios have decreased by 2 basis points.

As ratios moved lower than the 10-year average, the overall steepness of the yield curve continued to grow, with the 30-year now 158 basis points, or approximately double the 10-year average.

Lipper reported \$1.80 billion in fund inflows for the week ending January 16, up from \$1.50 billion the prior week as demand continued to be supportive of the market. The SIFMA Municipal Swap Index reset to 1.28%, down 9 basis points from the previous week of 1.37%.

Key Ratios				
Maturity	Current	1/9/26	1 yr avg	10 yr avg
5 Yr	59%	61%	67%	74%
10 Yr	62%	64%	72%	82%
30 Yr	87%	87%	90%	93%

Change in the Shape of the Yield Curve				
Steepness (bps)				
Range (yr)	Current	1/9/26	1 yr avg	10 yr avg
1-30	201	192	177	134
2-30	201	194	176	131
3-30	204	199	175	128
5-30	197	194	161	118
10-30	158	154	113	80

INTEREST RATE SNAPSHOT

MMD 1-Week Change				UST 1-Week Change			
Term	16-Jan	9-Jan	Change (bps)	Term	16-Jan	9-Jan	Change (bps)
2-Year	2.20%	2.27%	-7	2-Year	3.59%	3.54%	+5
5-Year	2.24%	2.27%	-3	5-Year	3.82%	3.75%	+7
10-Year	2.63%	2.67%	-4	10-Year	4.24%	4.18%	+6
20-Year	3.91%	3.93%	-2	20-Year	4.79%	4.76%	+3
30-Year	4.21%	4.21%	-	30-Year	4.83%	4.82%	+1

Municipal bond issuance is projected to reach approximately \$11.2 billion this week, an increase from \$8 billion last week. Cabrera will serve as Co-Manager on the Los Angeles Department of Water and Power's Power System Revenue Bonds, Series 2025D (Aa2/NR/AA-AA).

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

- \$800 million New York City Municipal Water Finance Authority, Water and Sewer System Second General Resolution Revenue Bonds, Fiscal 2026 Series BB (Aa1/AA+/AA+/NR)
- \$734 million Maryland Health and Higher Educational Facilities Authority MedStar Health Issue, Series 2026A (A2/A/NR/NR)
- \$720 million Massachusetts Development Finance Agency Revenue Bonds, Mass General Brigham Issue, Series 2026 F & H (Aaa/AAA/AAA/NR)





CABRERA CAPITAL
MARKETS

NOTABLE DEALS LAST WEEK

- Dallas Independent School District (Underlying Aa1/NR/NR/AAA, PSF Insured Aaa) (Cabrera Bookrunning Senior Manager) priced \$711 million of Unlimited Tax School Building Bonds. The transaction was structured from 2032-2056 including a bifurcated 2056 term with 4.50% and 5.00% coupons and a 9-year call. Following premarketing, the transaction entered the preliminary order period with the 2046 and 2047 maturities restructured to discount 4.25% coupons and the discount bifurcated 2056 was changed to 4.375%. The transaction received significant interest and garnered over \$3 billion in orders from 100 different investors. Spreads were lowered 2-8 basis points throughout and upsized by \$30 million.
- New York City Transitional Finance Authority (Aa1/AAA/AAA/NR) (Cabrera co-manager) priced \$1.5 billion Future Tax Secured Subordinate Bonds. The transaction was structured out 27 years with a 10-year call. After garnering \$590 million in retail orders concentrated on the short end of the amortization, spreads were cheapened 1-5 basis points 2047 and longer and tightened 1-2 basis points 2028-2030 and 2037. The transaction ended up over subscribed throughout and bumped 2-7 basis points.
- El Paso Independent School District (Underlying Aa2/NR/AA/NR, PSD Aaa/NR/AAA) (Cabrera co-manager) priced \$183 million of Unlimited Tax Refunding Bonds. The transaction was structured between two series. [a semi-colon doesn't work here – any punctuation right here, other than a period, would need to be followed by a description of *both* series] The \$154 million series A was a forward delivery with settlement May 19, 2026. The forward delivery penalty was 5 basis points per month. Following premarketing on Wednesday, the transaction entered the market with spreads unchanged. Spreads were lowered 1-5 basis points throughout following the order period, excluding 2026 on the forward delivery.
- New Hope Higher Education Finance Corporation (Aa3/NR/AA-/NR) priced \$336 million of Higher Education Revenue Bonds for Texas Christian University. The transaction received significant demand 20-years and shorter, but the longer end struggled and had to get 2-5 basis points cheaper. Within 20-years, spreads were lowered 3-8 basis points.
- Desert College Community College District (Aa1/NR/NR/NR) priced \$157 million of General Obligation Bonds. The transaction entered the preliminary order period and very tight levels on the short end, up to 40 basis points through the AAA MMD scale. Spreads were lowered 2-12 basis points following the order period, excluding 2043 which was left unchanged.



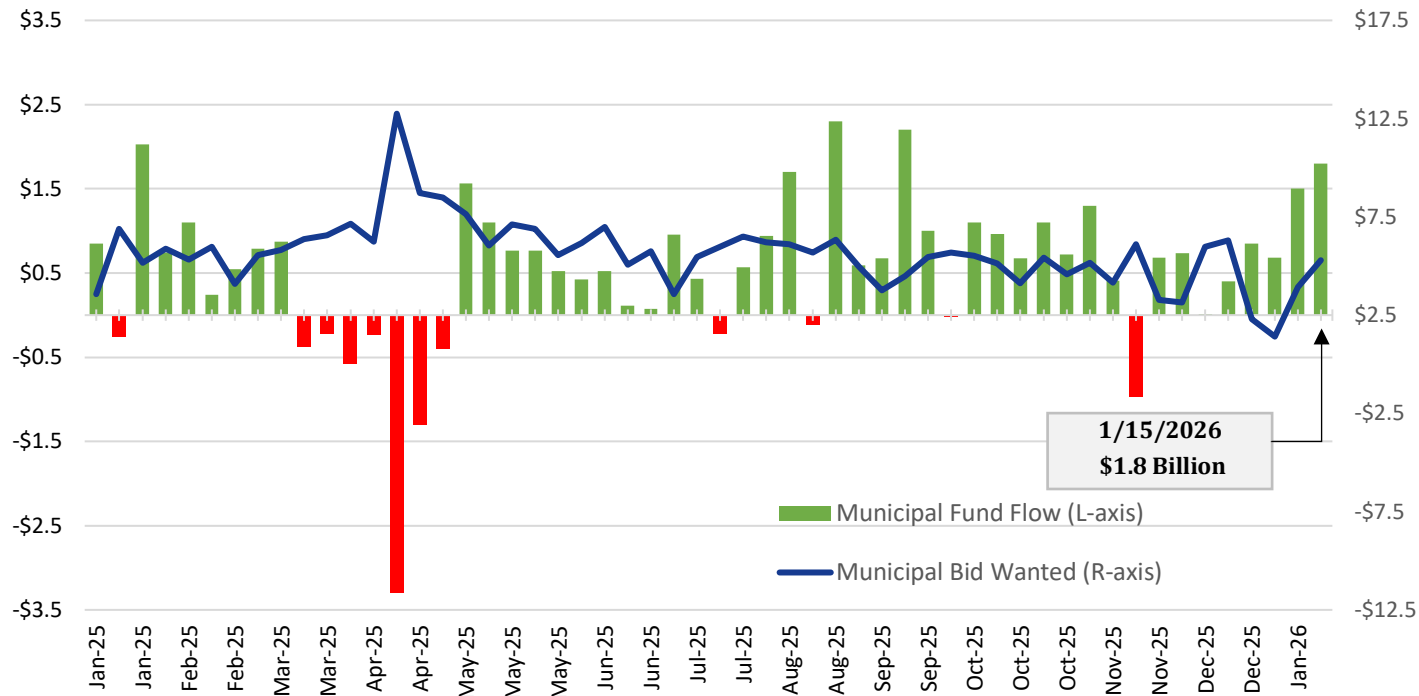


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MARKETS

MUNICIPAL FUND FLOWS

Week 1/8/2026 - 1/15/2026 saw inflows of \$1.8 billion

Source: Lipper, Bloomberg





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MARKETS**

NOTABLE FIXED-RATE NEW ISSUE RESULTS FROM LAST WEEK

Dallas Independent School District TX Call Date 2/15/2035 Tax-Exempt \$739,590,000 Underlying Aa1/NR/NR/AAA, PSF Aaa Cabrera served as Bookrunning Sr Manager				New York City Transitional Fin. Auth. NY Call Date 2/1/2036 Tax-Exempt \$1,500,000,000 Aa1/AAA/AAA/NR Cabrera served as Co-Manager				El Paso Independent School District TX Call Date 8/15/2034 Tax-Exempt (Forward-Delivery) \$154,240,000 Underlying Aa2/NR/AA/NR, PSF Aaa/NR/AAA Cabrera served as Co-Manager			
Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield
								2026	5.00	35	2.59
								2027	5.00	30	2.52
				2028	5.00	6	2.30	2028	5.00	31	2.55
				2029	5.00	10	2.31				
				2030	5.00	12	2.36	2030	5.00	37	2.62
2032	5.00	20	2.53					2031	5.00	37	2.66
2033	5.00	21	2.65					2032	5.00	38	2.75
2034	5.00	21	2.70					2033	5.00	38	2.81
2035	5.00	21	2.79					2034	5.00	38	2.88
2036	5.00	21	2.89					2035	5.00	38	3.00
2037	5.00	21	3.03					2036	5.00	37	3.10
2038	5.00	21	3.14	2037	5.00	26	3.08	2037	5.00	37	3.21
2039	5.00	21	3.22	2038	5.00	30	3.23	2038	5.00	36	3.31
2040	5.00	21	3.35	2039	5.00	35	3.36	2039	5.00	36	3.43
2041	5.00	21	3.49	2040	5.00	31	3.45	2040	5.00	36	3.50
2042	5.00	21	3.62	2041	5.00	31	3.59	2041	5.00	36	3.64
2043	5.00	21	3.75	2042	5.00	33	3.74	2042	5.00	36	3.77
2044	5.00	21	3.89	2043	5.00	33	3.87				
2045	5.00	21	4.03	2044	5.00	33	4.01				
2046	5.00	21	4.14	2045	5.00	33	4.15				
2047	5.00	22	4.21	2046	5.00	33	4.26				
2048	5.00	23	4.27	2047	5.00	39	4.38				
2049	5.00	24	4.32	2048	5.50	31	4.35				
2050	5.00	25	4.37								
2051	5.00	25	4.40	2050	5.50	33	4.45				
				2050	5.00	44	4.56				
				2052	5.25	40	4.57				
				2053	5.00	44	4.62				
2056	4.50	41	4.62								
2056	5.00	27	4.48								

El Paso Independent School District priced two other series of Bonds aggregating \$1.8 million in par simultaneously with the Series listed above





CABRERA CAPITAL
MARKETS

UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
800.000	New York City Municipal Water Fin Auth	NY	Water and Sewer System Second Gen Res Rev Bonds
734.715	Maryland Health and Higher Education Facilities Auth	MD	Med Star Health Issue
720.780	Massachusetts Development Finance Agency	MA	Revenue Bonds
705.595	Massachusetts Clean Water Trust	MA	State Revolving Fund Bonds
683.265	State of Connecticut Health and Ed Facilities Auth	CT	Revenue Bonds (Hartford Healthcare Issue)
667.205	City of San Antonio Electric and Gas System	TX	Variable Rate Junior Lien Revenue Refunding Bonds
544.325	Department of Water and Power of the City of LA*	CA	Power System Revenue Bonds
332.620	Delaware Health Facilities Authority	DE	Revenue Bonds (Christiana Care Health System)
325.545	State of Ohio	OH	General Obligation Highway Capital Impr Bonds
197.330	New York City Housing Development Corporation	NY	Multifamily Housing Revenue Bonds
152.775	New York City Housing Development Corporation	NY	Multifamily Housing Revenue Bonds
134.715	Hays County	TX	Combination Tax and Rev Certificates of Obligation
129.465	Allegheny County Higher Education Building Authority	PA	University Revenue Bonds
126.500	Rhode Island Health Educational Building Corporation	RI	Hospital Rev Bonds (Brown Uni Health Obligated Grp)
121.900	South Dakota Health and Educational Facilities Auth	SD	Revenue Bonds (Muniment Health)
101.775	Brown University Health	RI	Taxable Bonds
96.000	New Mexico Mortgage Finance Authority	NM	Single Family Mortgage Program Class I Bonds
90.565	Corona-Norco Unified School District	CA	General Obligation Bonds
81.705	City of Wildwood	FL	Utility System Revenue Bonds
50.565	Rockford School District #205	IL	General Obligation Bonds

*Cabrera will serve as Co-Manager



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ECONOMIC CALENDAR (ALL TIMES IN EST)

Monday	Tuesday	Wednesday	Thursday	Friday
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)	9:45 AM U.S. services PMI, and U.S. manufacturing PMI
			10:00 AM Personal income Personal spending, PCE index (delayed reports). PCE and Core PCE (year-over- year)	10:00 AM Consumer sentiment (final)
26-Jan	27-Jan	28-Jan	29-Jan	30-Jan
8:30 AM Durable-goods orders (delayed report) and Durable-goods minus transportation	10:00 AM Consumer confidence	2:00 PM FOMC interest-rate decision	8:30 AM Initial jobless claims, U.S. trade deficit (delayed report), and U.S. productivity (revised)	8:30 AM Producer price index (delayed report), Core PPI, PPI year over year, and Core PPI year over year
		2:30 PM Fed Chair Powell press conference	10:00 AM Wholesale inventories (delayed report) and Factory orders (delayed report)	

