



**CABRERA CAPITAL
MARKETS**

MUNICIPAL MARKET UPDATE

Public Finance

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Last Friday’s January Producer Price Index (PPI) came in stronger than expected, rising 0.5% on a seasonally adjusted basis, the largest monthly increase since September last year; on a year-over-year basis, headline PPI increased 2.9%, remaining above the Federal Reserve’s 2% inflation target. Both figures signal that underlying price pressures persist within the U.S. economy. Despite the firmer inflation reading, Treasuries rallied with the 10-year yield declining 5 basis points to 3.97%, the lowest level in four months. The move reflected broader risk-off sentiment rather than a direct reaction to the inflation data amid growing concerns that artificial intelligence could weigh on future employment and contribute to slower economic growth. Notably, the United States and Israel’s air strike against Iran over the weekend triggered a sharp sell-off in global equity markets, while oil and gold prices surged as investors braced for the potential economic repercussions of a broader conflict in the Middle East. Consequently, increased inflation concerns are putting additional upward pressures on Treasury yields.

In contrast, the Municipal market remained resilient and was largely unaffected by the volatility. On the week, municipals posted solid performance, supported by stable technicals and consistent demand. Strong inflows continued as Lipper reported another \$1 billion, representing the fourteenth consecutive week of inflows, putting the total inflow in 2026 to over \$39 billion. The SIFMA Municipal Swap Index reset to 1.88%, down from the previous week of 2.22%. Expectations for the Federal Reserve’s next rate cut continue to shift later in the year, with markets now pricing in the first reduction occurring no earlier than June, and more likely in September.

INTEREST RATE SNAPSHOT

Term	MMD 1-Week Change		
	27-Feb	20-Feb	Change (bps)
2-year	2.03	2.06	-3
5-year	2.10	2.13	-3
10-year	2.52	2.52	0
20-year	3.84	3.89	-5
30-year	4.17	4.23	-6

Term	UST 1-Week Change		
	27-Feb	20-Feb	Change (bps)
2-year	3.38	3.48	-10
5-year	3.51	3.65	-14
10-year	3.97	4.08	-11
20-year	4.57	4.66	-9
30-year	4.64	4.72	-8

Municipal bond issuance is projected to reach approximately \$9.6 billion this week. Cabrera will serve as co-manager on a \$94 million City of Waco, Texas Certificate of Obligation bond sale.

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

- \$1.42 billion City of Houston, Texas, Convention & Entertainment Facilities Department Hotel Occupancy Tax and Special Revenue Refunding Bonds, Series 2026A (-/AA+/-/-), 2026B (-/AA+/-/-), 2026C (-/A+/-/-), 2026D (-/BBB+/-/-)
- \$900.00 million California Community Choice Financing Authority Clean Energy Project Revenue Bonds (Green Bonds) (A3+/-/-)
- \$786.25 million Arizona Transportation Board Highway Revenue and Revenue Refunding Bonds, Series 2026 (Aa1/AA+/-/-)



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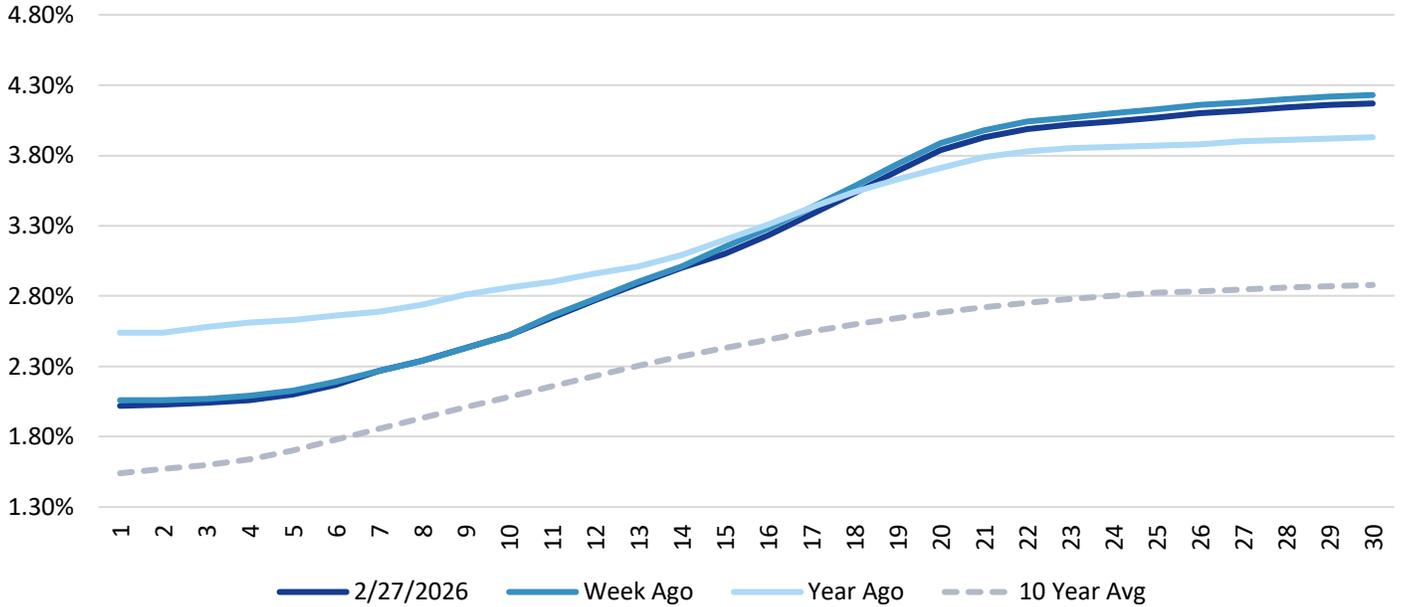
NOTABLE DEALS LAST WEEK

- The Regents of the University of California (Aa1/AA/AA/-) (Cabrera Co-Manager) priced \$2 billion General Revenue Bonds. The transaction was structured across two series going out to 2045 and 2046. The CF series included two noncallable maturities, 2036 and 2039 which did not have a penalty in terms of spread. Following the Retail Order Period with about \$500 million in retail, spreads were cheapened 1 basis point 2026-2031. The transaction received strong demand on the long end during the Institutional Order Period and spreads were tightened 1-10 basis points 2037-2045.
- New York State Environmental Facilities Corporation (Aaa/AAA/AAA/-) priced \$242 million of State Clean Water and Drinking Water Revolving Fund Revenue Bonds. The transaction was originally \$307 million structured out 20 years, with discount 3.50-4.00% coupons 2042-2046; however, following the premarketing, the discount maturities were eliminated, and the transaction was downsized by \$65 million. The transaction received strong demand during the retail order period 2041 and shorter and spreads were tightened 1-5 basis points, excluding 2032 and 2035-2036. Spreads were tightened further 1-5 basis points throughout the amortization following the institutional order period.
- Arizona Board of Regents (Aa2/AA/-/-) priced \$265 million of System Revenue Bonds. The transaction was structured out to 2047 with a standard 10-year call. The transaction received very strong demand, especially in the 20-year range. Spreads were tightened 2-14 basis points.
- Corsicana Independent School District (Underlying A1/-/-/-, PSF Aaa/-/-/-) priced \$192 million of Unlimited Tax School Building Bonds. The transaction was structured out 30-years with a 10-year call. Following premarketing, the transaction entered the market with spreads unchanged and adjusted the 2051 term to serialized maturities. The transaction performed well during the order period, with very strong demand in the 20-year range. Spreads were tightened 2-12 basis points throughout, excluding 2034-2038.
- Lee County, Florida (A2/-/A/AA-) priced \$650 million Airport Revenue Bonds across three series: a \$436 million AMT fixed series, \$165 million AMT soft put, and \$46 million non-AMT fixed series. All three series were met with significant demand during the institutional order period, especially the AMT series. Spreads were lowered 6-15 basis points for the fixed rate AMT series and 17 basis points for the soft put AMT series. The Non-AMT series was oversubscribed for throughout as well and bumped 3-6 basis points.



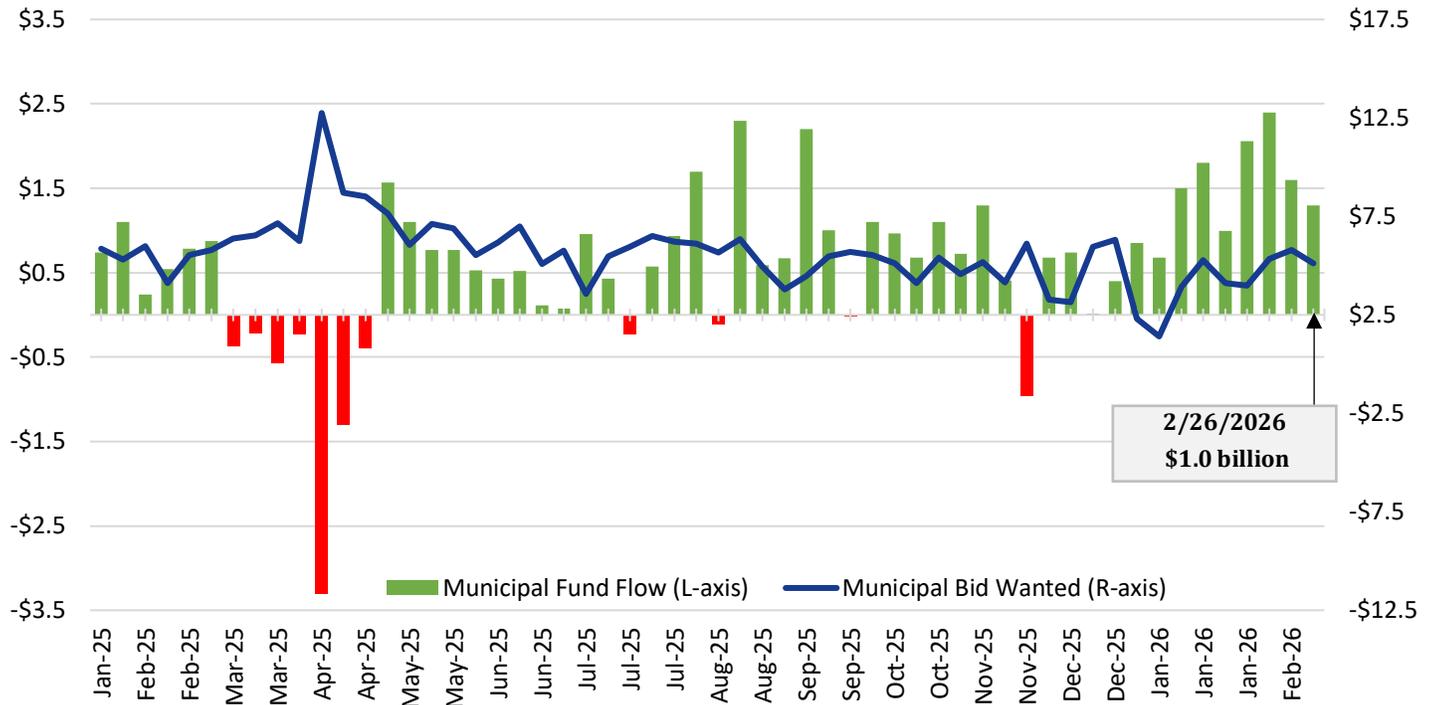
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AAA MMD CURVE



MUNICIPAL FUND FLOWS

Week 2/19/2026 - 2/26/2026 saw inflows of \$1.0 billion
Source: Lipper, Bloomberg





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NOTABLE FIXED-RATE NEW ISSUE RESULTS FROM LAST WEEK

Regents of the University of California				Arizona Board of Regents				NY State Environmental Facilities Corp.			
CA				AZ				NY			
Call Date: 5/15/2036 ⁽¹⁾				Call Date: 7/1/2036				Call Date: 6/15/2036			
Tax-Exempt				Tax-Exempt				Tax-Exempt			
\$988,860,000				\$265,065,000				\$242,020,000			
Aa2/AA/AA/-				Aa2/AA/-/-				Aaa/AAA/AAA/-			
<i>Cabrera served as Co-Manager</i>											
Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield
5/15/2026	5.00	(9)	1.96								
2026	5.00	(9)	1.96								
2027	5.00	(9)	1.96	2027	5.00	(1)	2.05	2027	5.00	(6)	2.00
2028	5.00	(9)	1.97	2028	5.00	(1)	2.05	2028	5.00	(7)	1.99
2029	5.00	(8)	1.99	2029	5.00	6	2.13	2029	5.00	(3)	2.04
2030	5.00	(7)	2.03	2030	5.00	7	2.17	2030	5.00	(1)	2.09
2031	5.00	(6)	2.10	2031	5.00	7	2.22	2031	5.00	(1)	2.13
2032	5.00	(6)	2.20	2032	5.00	11	2.35	2032	5.00	2	2.25
2033	5.00	(5)	2.23	2033	5.00	12	2.40	2033	5.00	1	2.29
2034	5.00	(4)	2.36	2034	5.00	16	2.52	2034	5.00	3	2.38
2035	5.00	(2)	2.48	2035	5.00	17	2.64	2035	5.00	2	2.48
2036	5.00	0	2.60	2036	5.00	16	2.74	2036	5.00	(2)	2.55
2037	5.00	3	2.73	2037	5.00	18	2.86	2037	5.00	1	2.68
2038	5.00	5	2.87	2038	5.00	18	2.98	2038	5.00	1	2.81
2039	5.00	5	3.04	2039	5.00	20	3.15	2039	5.00	4	2.98
2040	5.00	8	3.09	2040	5.00	19	3.20	2040	5.00	3	3.04
2041	5.00	2	3.15	2041	5.00	15	3.30	2041	5.00	0	3.15
2042	5.00	1	3.27	2042	5.00	15	3.43				
2043	5.00	(1)	3.40	2043	5.00	13	3.56				
2044	5.00	(2)	3.54	2044	5.00	11	3.69				
2045	5.00	(4)	3.68	2045	5.00	9	3.83				
2046	5.00	(5)	3.82	2046	5.00	6	3.95				
				2047	5.00	8	4.06				

Regents of the University of California priced two series of Bonds aggregating \$1.9 Billion in par simultaneously with the Series listed above.

(1) Call feature excludes two no optional call date on 11/15/2036 and 11/15/2039



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UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
1,422.350	City of Houston	TX	Hotel Occupancy Tax Revenue Bonds
900.000	California Community Choice Financing Authority	CA	Clean Energy Project Revenue Bonds (Green Bonds)
786.250	Arizona Transportation Board	AZ	Highway Revenue and Revenue Refunding Bonds
774.625	Triborough Bridge and Tunnel Authority	NY	Payroll Mobility Tax Senior Lien Refunding Bonds
545.000	Lamar Consolidated Independent School District	TX	Unlimited Tax Schoolhouse Bonds, Series 2026
517.560	Missouri Health and Educational Facilities Authority	MO	Health Facilities Revenue Bonds
478.550	Lower Colorado River Authority	TX	Transmission Contract Refunding & Improv. Revenue Bonds
392.510	Board of Regents of the University of Texas System	TX	Permanent University Fund Bonds, Series 2026A
299.000	North Carolina Housing Finance Agency	NC	Home Ownership Revenue Bonds, Series 60
226.740	School Board of Manatee County	FL	Certificates of Participation
203.405	Troy School District	MI	School Building and Site and Refunding Bonds
194.202	National Finance Authority	NH	Affordable Housing Certificates
180.000	Reorganized School District No. 7	MO	General Obligation School Building Bonds, Series 2026
179.455	Build NYC Resource Corporation	NY	Tax-Exempt Revenue Bonds
174.810	Essex County Improvement Authority	NJ	County Guaranteed Lease Revenue Project Notes
163.250	Auburn University	AL	General Fee Revenue Bonds
149.045	New Hampshire Health & Education Facilities Auth.	NH	Revenue Bonds, University System of New Hampshire
125.000	Rhode Island Housing and Mortgage Finance Corp.	RI	Homeownership Opportunity Bonds
107.280	Nevada Housing Division	NV	Single-Family Mortgage Revenue Bonds
94.160	City of Waco*	TX	Combination Tax & Revenue Certificates of Obligation

*Cabrera will serve as Co-Manager



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ECONOMIC CALENDAR (ALL TIMES IN EST)

Monday	Tuesday	Wednesday	Thursday	Friday
2-Mar	3-Mar	4-Mar	5-Mar	6-Mar
9:45 AM U.S. manufacturing PMI	9:45 AM New York Fed President John Williams remarks	8:15 AM ADP employment	8:30 AM Initial jobless claims, U.S. productivity, and Import price index	8:30 AM U.S. employment report, unemployment rate, and hourly wages
10:00 AM ISM manufacturing	10:00 AM Kansas City Fed President Jeff Schmid speaks	2:00 PM Fed Beige Book	1:15 PM Fed Vice Chair for Supervision Michelle Bowman speaks	10:15 AM San Francisco Fed President Mary Daly speaks
9-Mar	10-Mar	11-Mar	12-Mar	13-Mar
None scheduled	6:00 AM NFIB optimism index	8:30 AM Core CPI year over year	8:30 AM Initial jobless claims, U.S. trade deficit, Housing starts, and Building permits	8:30 AM GDP, Personal income and spending, PCE (year-over-year), Core PCE (year-over-year), and Durable-goods orders
	10:00 AM Existing home sales	2:00 PM Monthly U.S. federal budget		10:00 AM Job openings and Consumer sentiment (prelim)