



**CABRERA CAPITAL
MARKETS**

MUNICIPAL MARKET UPDATE

Public Finance

Mario Carrasco
Head of Investment Banking – Public Finance
(210) 857-8517
mcarrasco@cabreracapital.com

Underwriting

Merita Kulpinski
Director – Lead Municipal Underwriter
(312) 931-6654
mkulpinski@cabreracapital.com

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Non-farm payroll fell by 92,000 in February, marking an unexpected decline and one of the largest monthly drops since the pandemic, while the unemployment rate edged up to 4.4%. Together, these figures suggest lingering fragility in a labor market that was thought to be stabilizing. Meanwhile, the ongoing U.S.-Iran military conflict continues to push oil prices higher, with crude rising nearly 30% over the week and soaring past \$110 per barrel today, marking one of the most significant disruptions to global energy markets in decades. The surge in oil has extended last week’s sell-off in global equities and heightened concerns about potential stagflation in the U.S.

With inflation pressure continuing, Treasury yields climbed, rising 13 to 21 basis points over the week. The municipal market could not remain insulated, with yields increasing 9 to 18 basis points. On the supply side, the municipal market is expecting a heavy calendar this week, with over \$12 billion of bonds expected to price with supply concentrated in the top three issuances. Strong inflows continued, however, as investors added another \$1.4 billion to municipal funds, representing the fifteenth consecutive week of inflows and bringing the total inflows for 2026 to over \$14 billion—nearly double the amount seen during the same period in 2025. The SIFMA Municipal Swap Index reset to 1.54%, down from 1.88% previously.

Expectations for the Federal Reserve’s next rate cut have continued to shift to later in the year, with markets now pricing in only one reduction, likely no earlier than September.

INTEREST RATE SNAPSHOT

| MMD 1-Week Change | | | | UST 1-Week Change | | | |
|-------------------|-------|--------|--------------|-------------------|-------|--------|--------------|
| Term | 6-Mar | 27-Feb | Change (bps) | Term | 6-Mar | 27-Feb | Change (bps) |
| 2-year | 2.13 | 2.03 | +10 | 2-year | 3.56 | 3.38 | +18 |
| 5-year | 2.25 | 2.1 | +15 | 5-year | 3.72 | 3.51 | +21 |
| 10-year | 2.7 | 2.52 | +18 | 10-year | 4.15 | 3.97 | +18 |
| 20-year | 3.94 | 3.84 | +10 | 20-year | 4.74 | 4.57 | +17 |
| 30-year | 4.26 | 4.17 | +9 | 30-year | 4.77 | 4.64 | +13 |

Cabrera will serve on 6 deals this week, including as sole manager on the \$36.66 Million El Monte Union High School District 2026 General Obligation Refunding Bonds, and as co-manager on the \$2.56 billion DASNY Personal Income Tax Revenue Bonds, \$800 million City of Chicago General Obligation Bonds, \$432 million University of Connecticut General Obligation Bonds, \$232 million Bay Area Toll Authority Toll Bridge Revenue Bonds, and \$127 million Buffalo Municipal Water Finance Authority Water Revenue Bonds.

This week’s three largest transactions include:

- \$2.56 billion Dormitory Authority of the State of New York State (DASNY) Personal Income Tax Revenue Bonds, Series 2026A&B (Aa1/-/-/AAA)
- \$2.39 billion State of California General Obligation and Refunding Bonds (Aa2/AA-/AA/-)
- \$752 million Arkansas Development Finance Authority Environmental Improvement Revenue Bonds, Series 2026A7B (Baa2/BBB/-/-)



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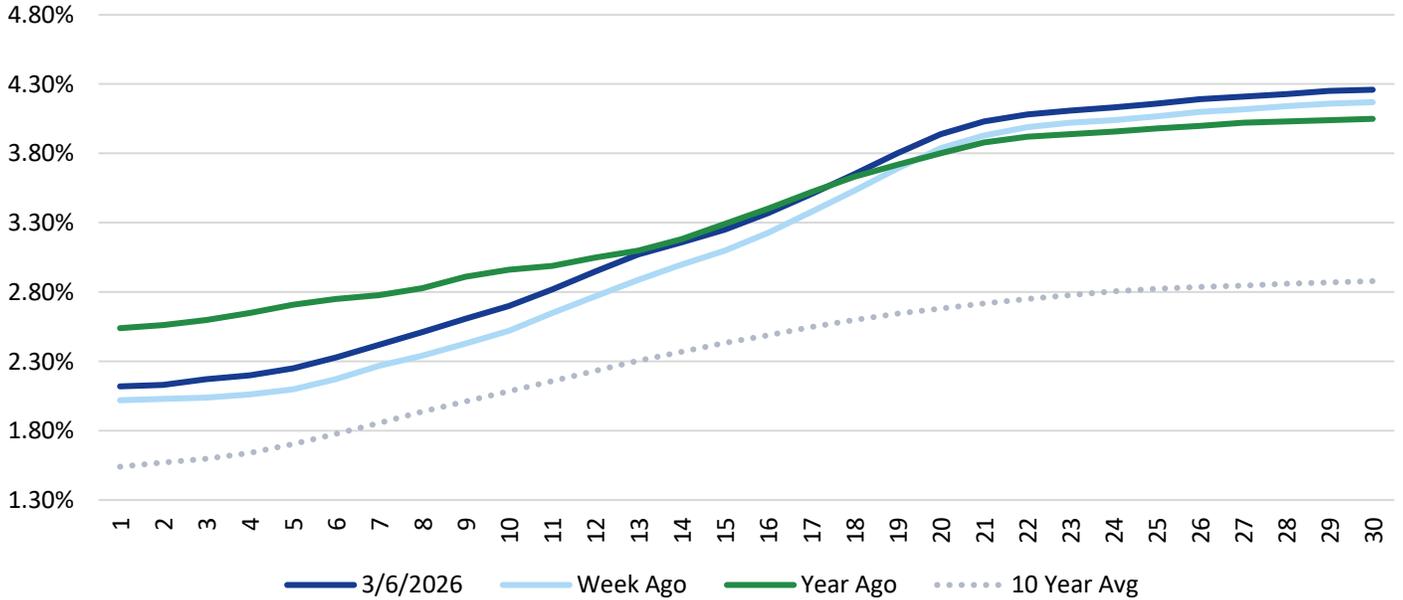
NOTABLE DEALS LAST WEEK

- Arizona Transportation Board (Aa1/AA+/-/-) priced \$793 million Highway Revenue and Revenue Refunding Bonds. The transaction priced on Tuesday when the market was pricing cuts up to 10 basis points. The transaction struggled during the order period and had to get 2-5 cheaper 2032-2043. The long end performed better, and spreads were lowered 2-3 basis points 2044-2046.
- The Lower Colorado River Authority (A1/A/A+/-) priced \$570 million Transmission Contract Refunding and Improvement Bonds. Following premarketing on Monday, the scale got 7 cheaper entering the preliminary order period. The transaction was slow throughout the order period and was able to get bumped 3 basis points 2045-2048 while the remainder of the scale was unchanged.
- The City of Waco (Aa1/AA+/-/-) (Cabrera Co-Manager) priced \$94 million Combination Tax and Revenue Certificates of Obligation. Due to the ongoing volatility in the market, the scale was cheapened 1-6 basis points throughout, excluding 2046 following premarketing on Monday. The transaction was slow throughout the order period and ended with balances. Spreads in 2033-2042 were widened 2-5 basis points following the order period and 2043, 2045, and 2046 were bumped 1-3 basis points.
- The City of Houston priced \$1.4 billion of Convention & Entertainment Facilities Department Bonds across 3 different credits. The \$1.1 billion transaction was for the First Lien Hotel Occupancy Tax & Special Revenue & Refunding Bonds (NR/A-/-/-) and was structured 2034-2058 with a CAB in 2050. The transaction began premarketing on Wednesday with 4 insured maturities, however entering the preliminary order period, they added 3 additional insured maturities and spreads were tightened 10-12 basis points. During the institutional order period, the transaction was met with significant demand and spreads were lowered anywhere from 3-15 basis points.
- The Triborough Bridge and Tunnel Authority (NR/AA+/-/AA+) priced \$763 million of MTA Bridge and Tunnels Payroll Mobility Tax Senior Lien Refunding Bonds. The transaction was structured to 30 years with a 10-year call. Following the Retail Order Period on Tuesday, the transaction garnered \$415 million in orders and spreads were tightened 2-5 basis points 2030-2035 and 2050-2051. 2036, 2037, 2047-2049 got 1-3 cheaper. During the institutional order period, demand was strongest within 10 years and 20-25 years. In those ranges, spreads were lowered 1-7 basis points.



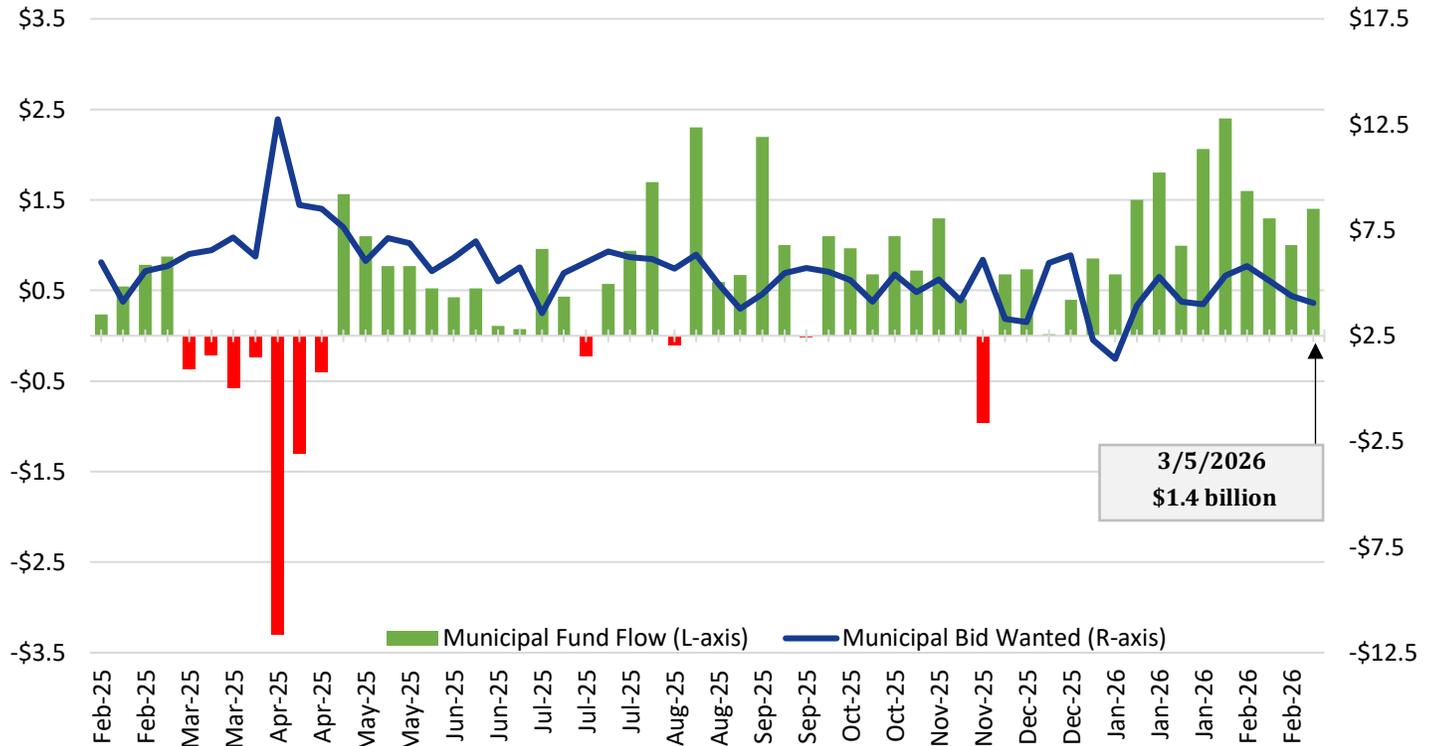
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AAA MMD CURVE



MUNICIPAL FUND FLOWS

Week 2/26/2026 - 3/5/2026 saw inflows of \$1.4 billion
Source: Lipper, Bloomberg





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NOTABLE FIXED-RATE NEW ISSUE RESULTS FROM LAST WEEK

| City of Waco TX Call Date: 2/1/2036 Tax-Exempt \$90,575,000 Aa1/AA+/-/NR <i>Cabrera served as Co-Manager</i> | | | | Arizona Transportation Board AZ Call Date: 7/1/2036 Tax-Exempt \$793,545,000 Aa1/AA+/-/- | | | | Triborough Bridge and Tunnel Authority NY Call Date: 5/15/2036 Tax-Exempt \$763,985,000 NR/AA+/-/AA+ | | | |
|--|--------|--------|-------|---|--------|--------|-------|---|--------|--------|-------|
| Maturity | Coupon | Spread | Yield | Maturity | Coupon | Spread | Yield | Maturity | Coupon | Spread | Yield |
| 2027 | 5.00 | 18 | 2.20 | 2027 | 5.00 | 15 | 2.17 | | | | |
| 2028 | 5.00 | 20 | 2.23 | 2028 | 5.00 | 17 | 2.20 | | | | |
| 2029 | 5.00 | 22 | 2.29 | 2029 | 5.00 | 18 | 2.25 | | | | |
| 2030 | 5.00 | 25 | 2.35 | 2030 | 5.00 | 19 | 2.30 | 2030 | 5.00 | 5 | 2.27 |
| 2031 | 5.00 | 29 | 2.44 | 2031 | 5.00 | 20 | 2.37 | 2031 | 5.00 | 7 | 2.36 |
| 2032 | 5.00 | 31 | 2.54 | 2032 | 5.00 | 23 | 2.51 | 2032 | 5.00 | 11 | 2.51 |
| 2033 | 5.00 | 35 | 2.67 | 2033 | 5.00 | 27 | 2.60 | 2033 | 5.00 | 14 | 2.57 |
| 2034 | 5.00 | 39 | 2.78 | 2034 | 5.00 | 28 | 2.69 | *** | | | |
| 2035 | 5.00 | 40 | 2.89 | 2035 | 5.00 | 28 | 2.81 | 2035 | 5.00 | 16 | 2.82 |
| 2036 | 5.00 | 40 | 2.98 | 2036 | 5.00 | 28 | 2.92 | 2036 | 5.00 | 16 | 2.92 |
| 2037 | 5.00 | 42 | 3.12 | 2037 | 5.00 | 30 | 3.02 | 2037 | 5.00 | 22 | 3.06 |
| 2038 | 5.00 | 43 | 3.26 | 2038 | 5.00 | 30 | 3.15 | 2038 | 5.00 | 25 | 3.22 |
| 2039 | 5.00 | 44 | 3.39 | 2039 | 5.00 | 29 | 3.29 | 2039 | 5.00 | 25 | 3.37 |
| 2040 | 5.00 | 44 | 3.48 | 2040 | 5.00 | 29 | 3.33 | 2040 | 5.00 | 25 | 3.39 |
| 2041 | 5.00 | 43 | 3.57 | 2041 | 5.00 | 29 | 3.43 | 2041 | 5.00 | 25 | 3.49 |
| 2042 | 5.00 | 42 | 3.69 | 2042 | 5.00 | 28 | 3.55 | 2042 | 5.00 | 25 | 3.61 |
| 2043 | 5.00 | 36 | 3.78 | 2043 | 5.00 | 25 | 3.67 | 2043 | 5.00 | 25 | 3.75 |
| 2044 | 5.00 | 32 | 3.89 | 2044 | 5.00 | 20 | 3.77 | 2044 | 5.00 | 25 | 3.89 |
| 2045 | 5.00 | 28 | 4.01 | 2045 | 5.00 | 18 | 3.91 | 2045 | 5.00 | 23 | 4.02 |
| 2046 | 5.00 | 25 | 4.13 | 2046 | 5.00 | 15 | 4.03 | 2046 | 5.00 | 23 | 4.16 |
| | | | | | | | | 2047 | 5.00 | 27 | 4.29 |
| | | | | | | | | 2048 | 5.00 | 30 | 4.38 |
| | | | | | | | | 2049 | 5.00 | 32 | 4.43 |
| | | | | | | | | 2050 | 5.25 | 28 | 4.41 |
| | | | | | | | | 2051 | 4.38 | 40 | 4.56 |
| | | | | | | | | 2056 | 5.00 | 33 | 4.59 |



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UPCOMING NEGOTIATED CALENDAR

| Size (\$mm) | Issuer | State | Description |
|------------------|---|-----------|---|
| 2,575.275 | Dormitory Auth. of New York* | NY | Personal Income Tax Revenue Bonds |
| 2,387.145 | State of California | CA | General Obligation Bonds |
| 752.000 | Arkansas Development Finance Authority | AK | Environmental Improvement Revenue Bonds |
| 750.000 | MN Municipal Gas Agency | MN | Gas Project Revenue Bonds |
| 508.130 | City of Chicago* | IL | General Obligation Bonds |
| 432.305 | Univ. of Connecticut* | CT | General Obligation Bonds |
| 292.160 | City of Chicago* | IL | General Obligation Bonds |
| 266.535 | State of Ohio | OH | Common Schools General Obligation Bonds |
| 250.000 | TX Transportation Commission | TX | General Obligation Mobility Fund Bonds |
| 250.000 | Board of Regents of the Univ. of TX System | TX | Revenue Financing System Bonds |
| 232.480 | Bay Area Toll Auth.* | CA | Toll Bridge Revenue Bonds |
| 221.365 | Univ. of Vermont & State Agricultural College | VT | General Obligation Bonds |
| 216.135 | Municipal Improvement Corp. of Los Angeles | CA | Lease Revenue Bonds |
| 179.455 | Build NYC Resource Corp. | NY | Tax-Exempt Revenue Bonds |
| 141.525 | School Board of Broward County | FL | Certificates of Participation |
| 129.595 | City of Jacksonville | FL | Transportation Refunding Revenue Bonds |
| 127.485 | Buffalo Municipal Water Finance Auth.* | NY | Water Revenue Bonds |
| 120.000 | FL Development Finance Corp. | FL | Solid Waste Disposal Revenue Bonds |
| 110.000 | MO Public Utilities Commission | MO | Interim Construction Notes |
| 37.000 | El Monte Union High School Dist.** | CA | General Obligation Refunding Bonds |

*Cabrera will serve as Co-Manager

**Cabrera will serve as Sole Manager



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ECONOMIC CALENDAR (ALL TIMES IN EST)

| Monday | Tuesday | Wednesday | Thursday | Friday |
|---|--|--|---|---|
| 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) |
| 16-Mar | 17-Mar | 18-Mar | 19-Mar | 20-Mar |
| 8:30 AM Empire State manufacturing survey | 10:00 AM Pending home sales and Home builder confidence index | 8:30 AM Core PPI year over year | 8:30 AM Initial jobless claims | 8:30 AM Employment cost index |
| 9:15 AM Industrial production and Capacity utilization | | 2:00 PM FOMC interest-rate decision | 10:00 AM New home sales | |

