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

Monday, March 16, 2026

Last week, newly released data indicated that economic growth was much slower than expected in the last quarter of 2025, while core inflation continues to accelerate into 2026. The second release for Q4 2025 GDP showed that the U.S. economy rose at a seasonally and inflation-adjusted annual rate of just 0.7%, a sharp step down from the previous estimate of 1.4% and well below the 4.4% pace in Q3. For full year 2025, GDP growth was revised to 2.1%, below both the prior reading and the 2.8% pace in 2024. On the inflation side, January core PCE rose 0.4% on a seasonally adjusted basis, bringing the annual rate to 3.1%. While both readings were in line with expectations, they remain well above the Fed's 2% target. Additionally, the ongoing U.S.-Iran military conflict continued to fuel volatility in the global energy market, with soaring oil prices adding concerns about further upward pressure on inflation. The market is currently pricing in a 99% probability that the Fed will hold its benchmark rates steady in the range of 3.50% to 3.75% at the March 18th meeting. Expectations for the Fed's interest rate cuts continue to shift later in the year with markets now pricing in only one reduction, likely no earlier than September.

Meanwhile, markets remained volatile with sell-offs across equities, U.S. Treasuries, and municipals. Over the week, U.S. Treasury yields rose by as much as 17 basis points with MMD yields moving higher in tandem, increasing by up to 17 basis points across the curve. On the supply side, the municipal market is expecting approximately $7.96 billion to be priced this week, lower than prior weeks. Investors continue to add another $612 million to municipal funds, representing the sixteenth consecutive week of inflows and bringing the total inflows for 2026 to over $15 billion. The SIFMA Municipal Swap Index reset to 2.43%, up from 1.54%.

Interest Rate Snapshot

MMD 1-Week Change

Term	13-Mar	6-Mar	Change (bps)
2-year	2.17	2.13	**+4**
5-year	2.38	2.25	**+13**
10-year	2.87	2.70	**+17**
20-year	4.01	3.94	**+7**
30-year	4.37	4.26	**+11**

UST 1-Week Change

Term	13-Mar	6-Mar	Change (bps)
2-year	3.73	3.56	**+17**
5-year	3.87	3.72	**+15**
10-year	4.28	4.15	**+13**
20-year	4.89	4.74	**+15**
30-year	4.90	4.77	**+13**

Cabrera will serve as co-manager on the $90 million Unlimited Tax General Obligation Bonds for the City Colleges of Chicago. This week's three largest transactions include:

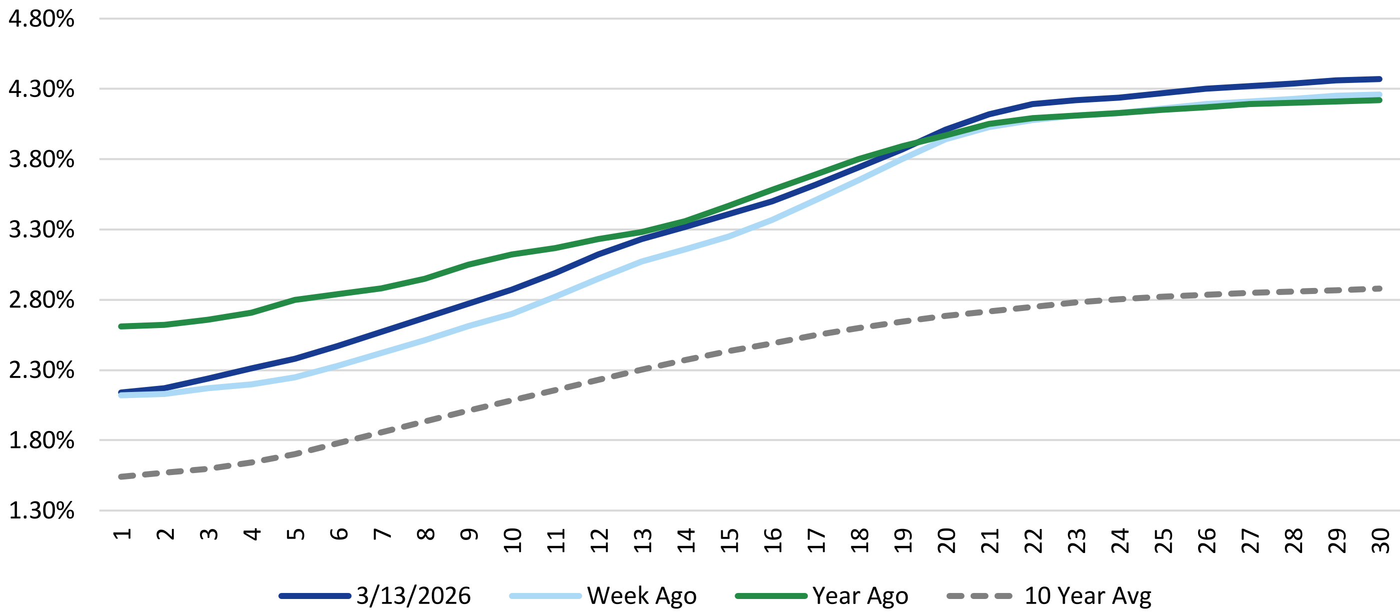
- $1.22 billion Black Belt Energy Gas District (AL) Gas Project Revenue Bonds (A3/-/-/-)
- $983.13 million New York City Municipal Water Finance Authority Water and Sewer System Revenue Bonds (Aa1/AA+/AA+/-)
- $752 Arkansas Development Finance Authority Environmental Improvement Revenue Bonds (Baa2/BBB/-/-)

NOTABLE DEALS LAST WEEK

- **The City of Chicago** (NR/BBB/BBB+/BBB+) (Cabrera Co-manager) priced $485 million taxable General Obligation Bonds. The City was originally supposed to price $290 million tax-exempt General Obligation Bonds alongside the taxable bonds, but was postponed due to market conditions. The taxable series was structured short from 2031-2033 with a Make-Whole Call. Following Indications of Interest on Tuesday, spreads were tightened 5-10 basis points. The City accelerated into Launch following Indications of Interest and spreads ended between 215-240 basis points.
- **The University of Connecticut** (Aa2/AA-/AA/NR) (Cabrera Co-manager) priced $434 million General Obligation Bonds. The transaction was structured out 20 years with a 9-year call. After garnering $206 million in Retail Orders on Monday, the transaction entered the market on Tuesday with spreads 1 basis point cheaper 2033-2036 and 1-4 basis points tighter 2037-2046.The longer end of the transaction did well during the institutional order period and was bumped 1-7 basis points in 2037 and longer, but struggled in a similar range during the retail order period and was cheapened an additional 3 basis points in 2034-2036.
- **The Dormitory Authority of the State of New York** (Aa1/NR/NR/AAA) (Cabrera Co-manager) priced $2 billion State Personal Income Tax Revenue Bonds. The transaction originally was downsized to $1.6 billion due to a refunding falling out of the money following volatility in the market, but they were able to re-upsize the deal to $2.1 billion follow pricing adjustments. The transaction received around $1 billion in retail orders and spreads were lowered 1-2 basis points in 2028-2046, and cheapened by 1-2 basis points in 2047-2056. Following the institutional order period, spreads were lowered an additional 1-5 basis points 2030, 2031, and 2041-2037. From 2035-2038, spreads were cheapened by 1-2 basis points.
- **The State of California** (Aa2/AA-/AA/NR) priced $2.5 billion General Obligation Bonds across two series. In aggregate, the transaction went out 30-years, and included a 5-year short call on the 2039 maturity which originally shared the same spread as the standard 10-year call. After garnering around $800 million of retail orders, spreads were cheapened 2-7 basis points. The transaction did not receive significant demand during the Institutional Order Period and spreads were mostly unchanged, excluding a 1-2 basis point bump in 2046 and discount 2051. The maturity with the short call ended up being 5 basis points tighter than the maturity with the standard 10-year call.
- **Buffalo Municipal Water Finance Authority** (A1/AA/NR/NR, BAM AA Insured, excluding 2026-2028) (Cabrera Co-manager) priced $128 million Water System Revenue Bonds across two series. Following premarketing, the transaction entered the market with spreads unchanged. The transaction received good demand during the order period and was subscribed anywhere from 2-8 times. Due to volatility in the market, spreads were mostly unchanged, with spreads getting lowered 1-3 basis points in 2027, 2028, 2044-2047, 2050, and 2055.

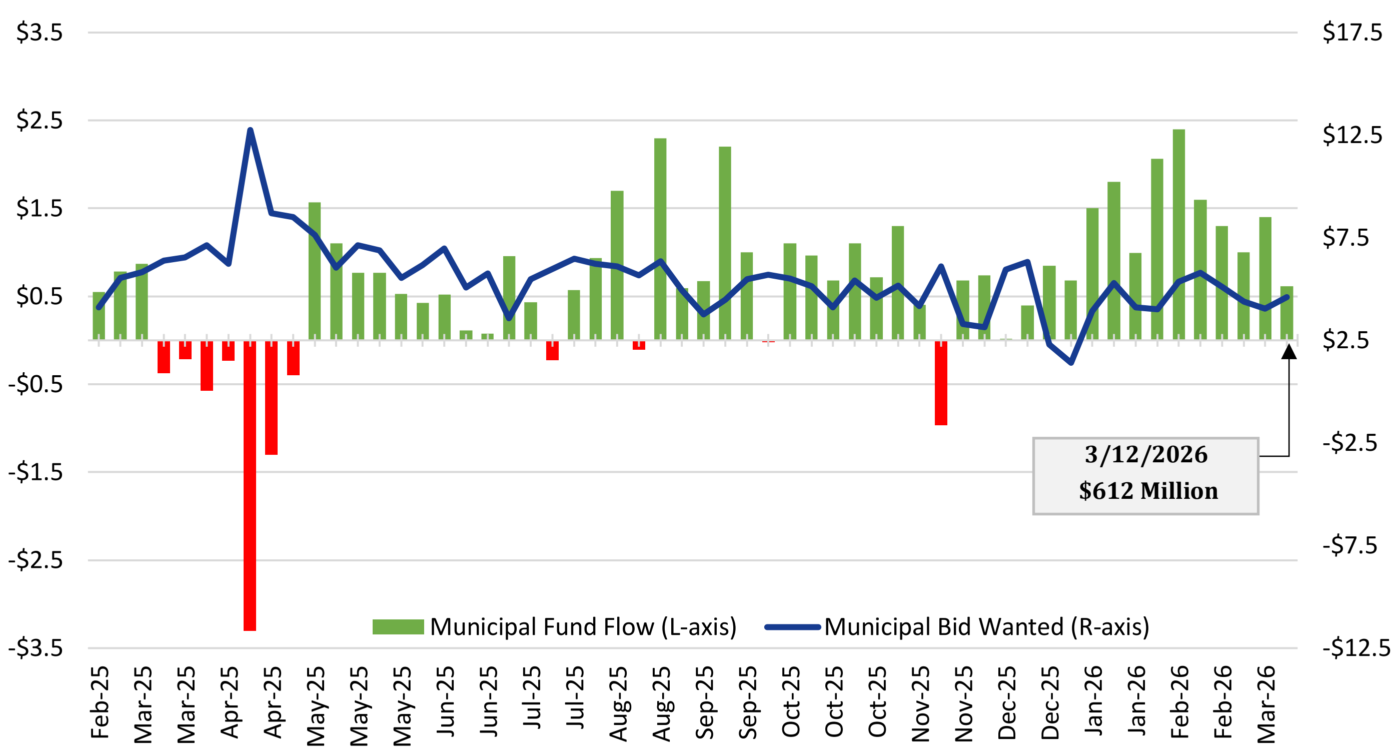
CABRERA CAPITAL MARKETS

AAA MMD Curve



Municipal Fund Flows

Week 3/5/2026 – 3/12/2026 saw inflows of $612 million
Source: Lipper, Bloomberg



CABRERA CAPITAL MARKETS

NOTABLE FIXED-RATE NEW ISSUE RESULTS FROM LAST WEEK

University of Connecticut

CT
Call Date: 11/15/2035 @ 100.5*
Tax-Exempt
$434,795,000
Aa2/AA-/AA/NR
Cabrera served as Co-Manager

Maturity	Coupon	Spread	Yield
2027	5.00	5	2.17
2028	5.00	8	2.21
2029	5.00	10	2.27
2030	5.00	12	2.32
2031	5.00	15	2.40
2032	5.00	17	2.50
2033	5.00	19	2.62
2034	5.00	23	2.75
2035	5.00	24	2.86
2036	5.00	24	2.95
2037	5.00	20	3.03
2038	5.00	20	3.16
2039	5.00	17	3.25
2040	5.00	15	3.32
2041	5.00	14	3.40
2042	5.00	14	3.52
2043	5.00	16	3.68
2044	5.00	16	3.82
2045	5.00	13	3.94
2046	5.00	9	4.04

Buffalo Municipal Water Finance Authority

NY
Call Date: 7/1/2034
Tax-Exempt
$127,770,000
A1/AA/NR/NR
Cabrera served as Co-Manager

Maturity	Coupon	Spread	Yield
2026	5.00	13	2.25
2027	5.00	11	2.23
2028	5.00	12	2.25
2029	5.00	11	2.28
2030	5.00	13	2.34
2031	5.00	14	2.41
2032	5.00	16	2.54
2033	5.00	17	2.61
2034	5.00	18	2.72
2035	5.00	19	2.85
2036	5.00	20	2.97
2037	5.00	22	3.07
2038	5.00	23	3.21
2039	5.00	23	3.36
2040	5.00	23	3.40
2041	5.00	23	3.49
2042	5.00	23	3.61
2043	5.00	23	3.75
2044	5.00	22	3.88
2045	5.00	21	4.02
2046	5.00	21	4.16
2050	4.375	42	4.58
2055	4.50	42	4.70

State of California

CA
Call Date: 4/1/2036
Tax-Exempt
$1,400,255,000
Aa2/AA-/AA/NR

Maturity	Coupon	Spread	Yield
2028	5.00	5	2.19
2036	5.00	10	2.89
2037	5.00	11	2.98
2038	5.00	12	3.11
2040	5.00	15	3.32
2042	5.00	15	3.53
2043	5.00	15	3.67
2044	5.00	15	3.81
2045	5.00	13	3.94
2046	5.00	12	4.07
2048	5.00	13	4.24
2051	5.25	11	4.30
2051	4.125	24	4.43
2056	5.00	18	4.47

**Bonds due 2/15/2036 to 2/15/2046 are callable on 11/15/2035 at 100.50%, declining to par 2/15/2036*

CABRERA CAPITAL MARKETS

Upcoming Negotiated Calendar

Size ($mm)	Issuer	State	Description
1,224.660	Black Belt Energy Gas Dist.	AL	Gas Project Revenue Bonds
983.130	NYC Municipal Water Finance Auth.	NY	Water & Sewer System Revenue Bonds
752.000	AR Development Finance Auth.	AR	Environmental Improv. Revenue Bonds
530.785	State of Ohio	OH	Hospital Revenue Bonds (Cleveland Clinic)
495.500	PA Turnpike Commission	PA	Turnpike Subordinate Revenue Refunding Bonds
317.070	Philadelphia Redevelopment Auth.	PA	City Service Agreement Revenue Bonds
250.680	IN Finance Auth.	IN	State Revolving Fund Program Bonds (Green Bonds)
235.145	NY State Housing Finance Agency	NY	Affordable Housing Revenue Bonds
175.415	FL Local Gov't Finance Commission	FL	Senior Living Revenue Bonds
162.765	CO Educational & Cultural Facilities Auth.	CO	Revenue Bonds (Univ. of Denver)
149.995	OH Housing Finance Agency	OH	Residential Mortgage Revenue Bonds
130.000	Utah Housing Corp.	UT	Single Family Mortgage Bonds
122.467	Public Finance Auth.	WI	TX Infrastructure Program Revenue Bonds
114.890	Chester County	PA	General Obligation Bonds
110.000	NC Agricultural Finance Auth.	NC	Solid Waste Disposal Revenue Bonds
109.055	City of Omaha Public Facilities Corp.	NE	Lease Revenue Bonds
102.325	CA Statewide Communities Dev. Auth.	CA	Insured Revenue Bonds (Odd Fellows Home)
100.000	PA Economic Dev. Financing Auth.	PA	Solid Waste Disposal Revenue Bonds
94.485	Utah Housing Corp.	UT	Single Family Mortgage Bonds
90.000	**City Colleges of Chicago***	**IL**	**Unlimited Tax GO Bonds (Dedicated Revenue)**

*Cabrera will serve as Co-Manager

CABRERA CAPITAL MARKETS

Economic Calendar (All Times in EST)

Monday	Tuesday	Wednesday	Thursday	Friday
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	
23-Mar	**24-Mar**	**25-Mar**	**26-Mar**	**27-Mar**
10:00 AM Construction spending (delayed report)	8:30 AM U.S. productivity	8:30 AM Import price index minus fuel	8:30 AM Initial jobless claims	10:00 AM Consumer sentiment
9:15 AM Industrial production and Capacity utilization	9:45 AM S&P flash U.S. services PMI			