



**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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The municipal market continued to be weighed down by geopolitical tensions surrounding the U.S.–Iran conflict, rising oil prices, and a soft Treasury auction – all of which drove volatility across fixed income markets. After an early-week rally tied to a temporary pause in U.S. strikes, markets reversed sharply on Tuesday amid reports that the U.S. may deploy ground forces. Following a poorly received 2-year Treasury auction that same day, yields moved drastically higher with MMD rising anywhere between 7 to 12 bps across the curve. Treasury yields ultimately finished the week modestly higher, with the 10-year at 4.44% and the 2-year around 3.88%, though intraweek swings were significant. Municipals underperformed Treasuries across the curve, with the MMD AAA scale seeing broad-based cuts particularly on the front end. The municipal primary market also saw weakness, as some issuers faced more cautious investor demand and were forced to price with concessions, contributing to wider spreads and softer secondary performance.

For the first time since November 2025, municipal bond funds saw \$600 million in outflows, signaling a shift in investor sentiment. Meanwhile, the SIFMA Municipal Swap Index reset to 2.42%, slightly higher from 2.41% the prior week. Looking ahead, this week investors will remain focused on geopolitical developments as the U.S.-Iran conflict enters its fifth week and monitor the March employment report due for release on Good Friday, a holiday-shortened trading session.

INTEREST RATE SNAPSHOT

MMD 1-Week Change				UST 1-Week Change			
Term	27-Mar	20-Mar	Change (bps)	Term	27-Mar	20-Mar	Change (bps)
2-year	2.45	2.29	+16	2-year	3.88	3.88	+0
5-year	2.70	2.51	+19	5-year	4.06	4.01	+5
10-year	3.18	3.00	+18	10-year	4.44	4.39	+5
20-year	4.19	4.10	+9	20-year	4.99	4.97	+2
30-year	4.54	4.45	+9	30-year	4.98	4.96	+2

This week Cabrera will serve as co-manager on the fourth largest transaction of the week: \$400 million L.A. Department of Water & Power, Power System Revenue Bonds. The three largest transactions include:

- \$1.06 billion Black Belt Energy Gas District Gas Project Rev. Bonds (Baa2/-/-/-)
- \$1.00 billion Texas Municipal Gas Acquisition & Supply Corp. V Gas Supply Rev. Bonds (A3/-/-/-)
- \$694 million East Bay Municipal Utility District Water System Rev. Bonds (Aaa/AAA/-/-)



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MARKETS

NOTABLE DEALS LAST WEEK

- **The City of Lubbock** (NR/AA+/AA+/NR) (**Cabrera Bookrunning Senior Manager**) priced \$81 million General Obligations Bonds and \$11 million Certificates of Obligation. Both series were structured out to 2046 and entered the preliminary order period with the same scale. The City also priced \$49 million Water & Wastewater series which started 5 basis points behind the GO/CO series. The larger GO series ended up around 3x subscribed for and was bumped 1-4 basis points, excluding 2028, 2029, 2031-2033, and 2041. The CO series struggled and ended up with around \$4.5 million in balances. Maturities 2036-2041 got 1-3 cheaper.
- **The City of New York** (Aa2/AA/AA/AA+) (**Cabrera Co-Manager**) priced \$1.8 billion of General Obligation Bonds across 4 series, 3 tax-exempt and 1 taxable series. The tax-exempt series were cheapened 2-5 basis points 2028-2039 entering the retail order period. After garnering around \$200 million in retail orders, the transaction was cheapened an additional 1-8 basis points excluding 2028, 2029, 2035-2037, and 2046-2047. Entering the Institutional Order Period, the largest \$1.2 billion series was downsized by \$360 million. The transaction received strong demand during the Institutional Order Period, spreads were lowered anywhere from 2-12 basis points 2028, 2035 and longer. The \$419 million taxable portion struggled and got 5-15 cheaper from Indications of Interest to Final Pricing.
- **The State Public Works Board of the State of California** (Aa3/A+/AA-/NR) (**Cabrera Co-Senior Manager**) priced \$638 million Tax-Exempt Lease Revenue Bonds and \$91 million Taxable Lease Revenue Bonds. After garnering \$172 million in retail orders, spreads were cheapened 1-3 basis points 2026-2039 and tightened 1 basis point 2041-2043 and 2049-2050. During the institutional order period, the tax-exempt series got \$2.3 billion in orders from 60 different investors. Spreads were tightened 2-9 basis points 2030, and 2034-2050. The taxable series performed well on the short end and was bumped 5-8 basis points from premarketing to final pricing. 2034-2036 struggled and was cut 4-5 basis points throughout the pricing.
- **El Paso Water** (NR/AA/AA+/NR) priced \$315 million Water and Sewer Revenue Refunding Bonds. The transaction was originally structured across two series, \$315 million Water and Sewer series and \$30 million Municipal Drainage series. Due to market volatility the week of pricing, the Drainage series ended up getting postponed. The Water series got 2-3 cheaper entering the preliminary order period. Balances remained following the order period, and the Water series got another 10 basis points cheaper.
- **The State of Illinois** (A2/A-/A-/NR) priced \$1.2 billion of General Obligation Bonds across two tax-exempt series and one taxable. Following the Retail Order Period, spread were cheapened 5-10 basis points on the tax-exempt series. No spread adjustments were made following the preliminary order period. The taxable series was bumped 2-5 basis points 2027-2029 and cheapened 4 basis points following the indications of interest.



**CABRERA CAPITAL
MARKETS**

NOTABLE FIXED-RATE NEW ISSUE RESULTS FROM LAST WEEK

<i>Cabrera served as Senior</i>				<i>Cabrera served as Co-Senior</i>				<i>Cabrera served as Co-Manager</i>			
Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield
2027	5.00	13	2.51	2026	5.00	7	2.45				
2028	5.00	17	2.58	2027	5.00	10	2.49				
2029	5.00	19	2.67	2028	5.00	11	2.53	2029	5.00	30	2.78
2030	5.00	19	2.75	2029	5.00	12	2.61	2030	5.00	36	2.93
2031	5.00	23	2.88	2030	5.00	11	2.70	2031	5.00	38	3.05
2032	5.00	27	3.01	2031	5.00	13	2.82	2032	5.00	40	3.19
2033	5.00	29	3.13	2032	5.00	14	2.95	2033	5.00	42	3.27
2034	5.00	30	3.24	2033	5.00	15	3.01	2034	5.00	43	3.40
2035	5.00	31	3.35	2034	5.00	13	3.12	2035	5.00	43	3.52
2036	5.00	31	3.45	2035	5.00	11	3.22	2036	5.00	39	3.59
2037	5.00	31	3.57	2036	5.00	10	3.32				
2038	5.00	33	3.69	2037	5.00	15	3.44				
2039	5.00	33	3.78	2038	5.00	16	3.55				
2040	5.00	32	3.86	2039	5.00	16	3.67				
2041	5.00	35	3.97	2040	5.00	17	3.71				
2042	5.00	32	4.02	2041	5.00	15	3.77				
2043	5.00	32	4.12	2042	5.00	14	3.84				
2044	5.00	33	4.25	2043	5.00	12	3.92				
2045	5.00	31	4.36	2044	5.00	11	4.03				
2046	5.00	29	4.46	2045	5.00	9	4.13				
				2046	5.00	7	4.23				
				2047	5.00	7	4.34				
				2048	5.00	9	4.42				
				2049	5.00	8	4.44				
				2050	5.00	8	4.46				

City of Lubbock priced three series of Bonds: GO, CO, and WWSS Bonds aggregating \$141.8 Million. Cabrera Capital Senior Managed the GO and CO Bonds.

State Public Works Board of the State of California priced two series of Bonds aggregating \$729 Million in par simultaneously with the Series listed above.

The City of New York priced four series of Bonds aggregating \$2.2 billion in par simultaneously with the Series listed above.



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MARKETS

UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
1,064.645	Black Belt Energy Gas Dist.	AL	Gas Project Revenue Bonds
1,000.000	TX Mun. Gas Acquisition & Supply Corp. V	TX	Gas Supply Revenue Bonds
694.310	East Bay Municipal Utility Dist.	CA	Water System Revenue Bonds (Green Bonds)
400.000	LA Dept. of Water & Power*	CA	Power System Revenue Bonds
394.424	National Finance Auth.	NH	Municipal Certificates
375.015	Miami-Dade Co. Educational Facilities Auth.	FL	Revenue Bonds (Univ. of Miami)
374.625	MI State Housing Dev. Auth.	MI	Single-Family Mortgage Revenue Bonds, Series A
249.495	King County Public Hospital Dist. No. 2	WA	Limited Tax GO Bonds
207.600	Public Finance Auth.	WI	DB Affordable Housing Certificates
142.385	State of Ohio	OH	Capital Facilities Lease-Appropriation Bonds
115.375	MI State Housing Dev. Auth.	MI	Single-Family Mortgage Revenue Bonds, Series B
110.585	El Camino Community College Dist.	CA	GO Refunding Bonds
85.710	Board of Regents of TX Woman's Univ. Sys.	TX	Revenue Financing System Refunding & Improv. Bonds
73.140	City of Winston-Salem	NC	Water & Sewer System Revenue Refunding Bonds
66.050	National Finance Auth.	NH	Subordinate Multifamily Affordable Housing Certificates
65.285	Dev. Auth. of Fulton County	GA	Revenue Bonds (Woodruff Arts Center)
59.225	Bethel Park School Dist.	PA	GO Limited Tax Bonds
58.715	Northern IN Commuter Transportation Dist.	IN	Limited Obligation Revenue Refunding Bonds
53.420	Seneca Valley School Dist.	PA	GO Limited Tax Bonds
46.000	Alvord Unified School Dist.	CA	Election of 2022 GO Bonds

*Cabrera will serve as Co-Manager



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MARKETS

ECONOMIC CALENDAR (ALL TIMES IN EST)

Monday	Tuesday	Wednesday	Thursday	Friday
30-Mar	31-Mar	1-Apr	2-Apr	3-Apr
10:30 AM	10:00 AM	8:30 AM	8:30 AM	8:30 AM
Federal Reserve Chair Jerome Powell speaks	Consumer confidence	U.S. retail sales (delayed report)	Initial jobless claims and U.S. trade deficit	U.S. employment report, unemployment rate, and Hourly wages year over year
	12:00 PM	9:45 AM		9:45 AM
	Chicago Fed President Austan Goolsbee speaks	U.S. manufacturing PMI		Final U.S. services PMI
6-Apr	7-Apr	8-Apr	9-Apr	10-Apr
	8:30 AM	2:00 PM	8:30 AM	8:30 AM
None scheduled	Durable-goods orders	Minutes of Fed's May FOMC meeting	GDP, Personal income and spending, PCE index, and Initial jobless claims	Consumer price index
	12:30 PM		10:00 AM	10:00 AM
	Chicago Fed President Austan Goolsbee speaks		Wholesale inventories	Factory orders and Consumer sentiment (prelim)