CABRERA CAPITAL MARKETS

Municipal Market Update

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MMD and USTs both sold off this week, but MMD held up better. Muni yields rose 2–7 bps versus UST yields up 6–10 bps on the 5- and 30-year, reflecting the strong technical backdrop from reinvestment demand and moderate supply. The move was driven by a combination of renewed geopolitical risk out of the Middle East pushing oil prices higher, hawkish FOMC minutes revealing several policymakers open to a rate hike if inflation stays elevated, and sticky inflation data (CPI at 4.2% YoY) keeping the Fed's dual mandate in focus. Markets are now pricing roughly a 66.3% probability of a September rate hike, with the long end pressured by rising term premium and persistent inflation concerns.

Looking ahead, Munis are expected to continue performing well as July reinvestment cash continues to outpace supply. Visible supply stands at $12.8 billion, while municipal bond funds recorded approximately $1.4 billion of inflows this week (vs. $1.7 billion the prior week), marking 12 consecutive weeks of positive inflows. YTD net inflows into Munis now total $33.72 billion, already tracking meaningfully against the trailing twelve-month total of $50.98 billion. YTD there have been only two weeks of net outflows, one of which was tax week, a week that has consistently printed negative over the last 5 years.

Notably, Muni ETFs have seen $35.9 billion of inflows YTD, with AUM reaching $223 billion across 170 ETFs. BlackRock and Vanguard remain the dominant managers at 58% of ETF AUM, though down from a high of 65% in Q4 2025 as the sponsor base broadens. SMAs continue to grow as well, with total SMA AUM at $55.89 trillion across all asset classes, up $26.258 trillion since 2017. Direct muni holdings within SMAs have grown from $1.27 trillion to $2.79 trillion over that same period, though as a percentage of total SMA AUM they have declined from 4.8% to 3.7%. This trend is consistent across asset classes, as SMAs have increased their allocation to registered funds and pooled vehicles by 30.1% since 2017.

The SIFMA Municipal Swap Index reset to 1.82%, 18 basis points higher than the prior week.

Interest Rate Snapshot

MMD 1-Week Change

Term	10-July	2-July	Change (BPs)
2-Year	2.37%	2.35%	+2
5-Year	2.63%	2.59%	+4
10-Year	2.63%	2.59%	+4
20-Year	3.03%	2.96%	+7
30-Year	3.83%	3.78%	+5

UST 1-Week Change

Term	10-July	2-July	Change (BPs)
2-Year	4.21%	4.14%	+7
5-Year	4.30%	4.23%	+7
10-Year	4.56%	4.49%	+7
20-Year	5.08%	4.99%	+9
30-Year	5.06%	4.98%	+8

The three largest transactions of this week include the following:

- $2.36 billion Aquarion Water Authority Water System Revenue Bonds, (TBD)
- $720.0 million New Jersey Turnpike Authority Turnpike Revenue Bonds, Series 2026A (A1/AA-/NR/NR)
- $503.9 million Louisville & Jefferson County Metro Government Health System Revenue Bonds, (Norton Healthcare, Inc.), Series 2026A (NR/A/A+/NR)

Notable Deals Last Week

- **The Trustees of the California State University (Aa2/AA-/NR/NR) (Cabrera Co-Manager) priced $1.81 billion Systemwide Revenue Bonds.** The fixed rate bonds were structured out 30-years with a 10-year call and five -noncallable maturities 2037-2041. Following premarketing, spreads got 3 basis points cheaper entering the Retail Order Period. Retail orders totaled over $500 million and spreads were mostly unchanged entering the order period, aside from 1-3 basis point bump 2026, 2027, 2029, and the terms. The long end and short end continued to garner more subscription than the belly of the curve and spreads were lowered a further 1-4 basis points in those ranges. The University also priced a total of $250 million in 3- and 6- year par puts. The final spreads were 43 and 44, respectively, from the Series 2026A bonds.

- **Massachusetts Bay Transportation Authority (NR/AA+/AAA/AAA) priced $790 million Senior Sales Tax Bonds**. The transaction was structured out 30-years with a 10-year call. The transaction garnered small bumps, of 1-2 basis points 2027, 2031, 2032, 2036, 2038, and 2046-2048.

- **The Water Replenishment District of Southern California (NR/AA+/NR/NR) (Cabrera Co-Manager) priced $96 million Replenishment Assessment Revenue Bonds.** The transaction was structured from 2032 out to 30-years with a 10-year call. By the end of the order period, 80% of the transaction was subscribed for and balances remained in 2038-2045. Spreads were cheapened by 2-3 basis points in that range.

- **The Successor Agency of Norwalk Redevelopment Agency (A+ Underlying, BAM Insured AA) (Cabrera Sole Manager) priced $14 million tax-exempt and $14 million taxable tax allocation bonds.** Both series were met with very strong demand during the institutional order period and spreads were tightened 1-6 basis points.

- **Decatur Independent School District (PSF Aaa, Underlying Aa3) priced $131 million Unlimited Tax School Building Bonds.** Following premarketing, the long term bond was restructured to include a 4.75% coupon at a premium. The short end of the transaction received strong demand, but the middle of the curve (2038-2045) struggled and got 1-5 basis points cheaper.

- **Sacramento Flood Control Agency (Aa3/AA/NR/NR) priced $254 million Consolidated Capital Assessment District Bonds.** The transaction was structured out to 2047 with a 10-year call. 2037 and longer struggled during the order period and balances remained. Spreads were cut 4-8 basis points in that range.

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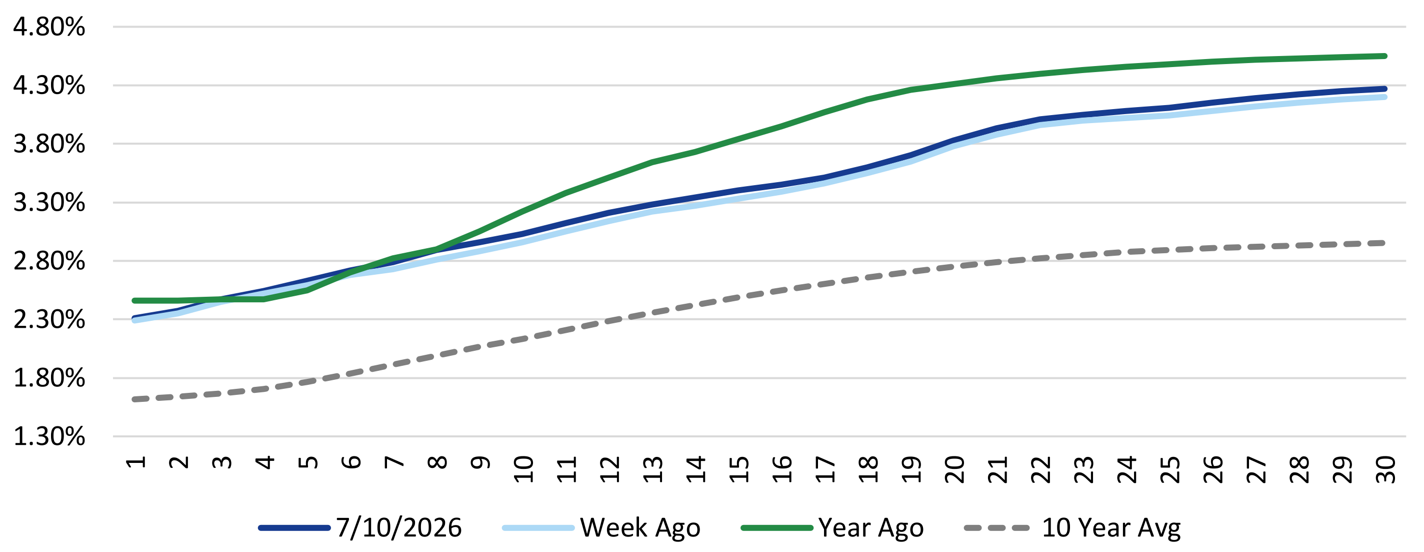
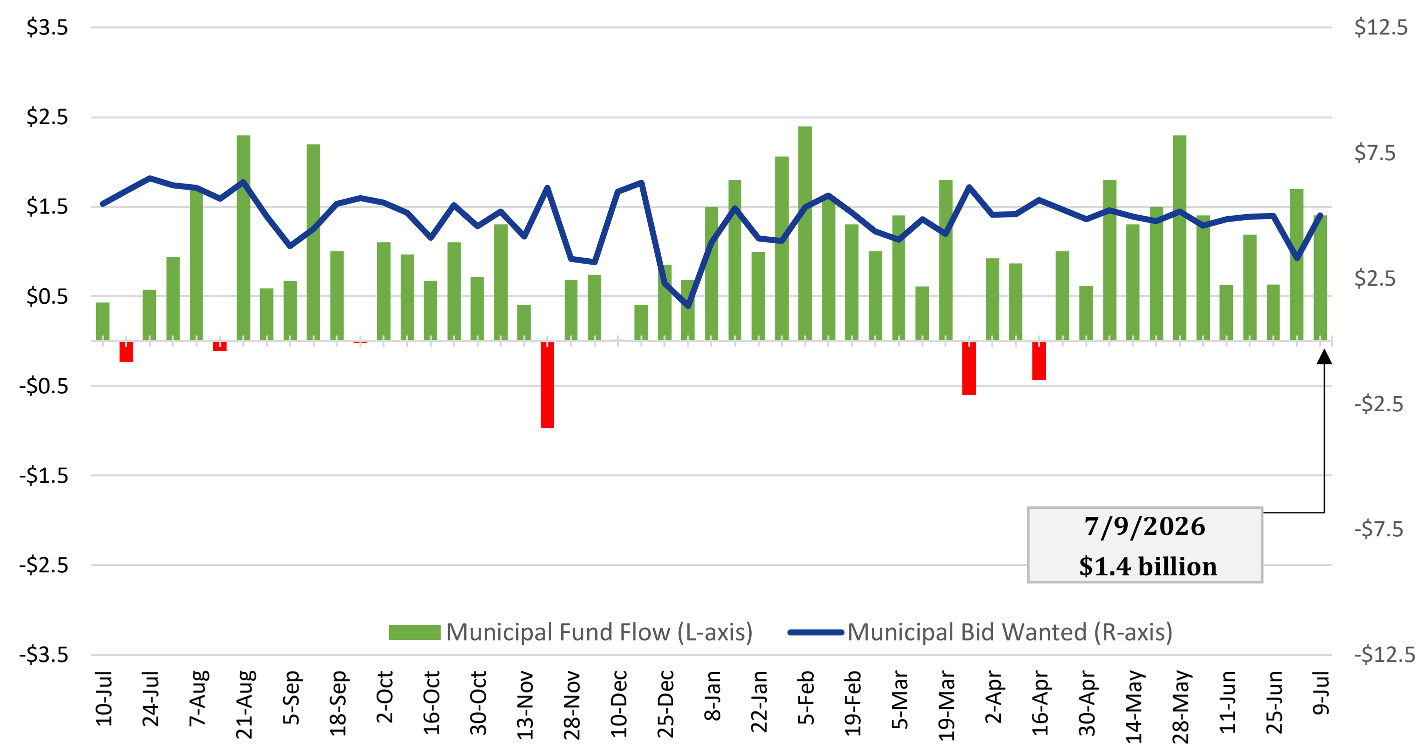
AAA MMD Curve



Municipal Fund Flows

Week 7/2/2026 – 7/9/2026 saw inflows of $1.4 billion
Source: Lipper, Bloomberg



Notable Fixed-Rate New Issue Results From Last Week

Successor Agency of Norwalk Redevelopment Agency
No optional call
Tax-Exempt
$13,865,000
A+ S&P, BAM insured AA

Cabrera served as Sole Manager

Maturity	Coupon	Spread	Yield
2027	5.00	14	2.41
2028	5.00	13	2.47
2029	5.00	11	2.55
2030	5.00	12	2.63
2031	5.00	12	2.70
2032	5.00	13	2.80
2033	5.00	12	2.86
2034	5.00	12	2.97
2035	5.00	19	3.11

City of Kirby
TX
Optional call 3/1/2036
Tax-Exempt
$14,890,000
A+ S&P, AGM insured AA

Cabrera served as Senior Manager

Maturity	Coupon	Spread	Yield
2027	5.00	35	2.65
2028	5.00	38	2.73
2029	5.00	41	2.86
2030	5.00	42	2.92
2031	5.00	43	3.02
2032	5.00	44	3.09
2033	5.00	45	3.20
2034	5.00	46	3.29
2035	5.00	48	3.39
2036	5.00	45	3.43
2037	5.00	44	3.52
2038	5.00	44	3.61
2039	5.00	46	3.69
2040	5.00	46	3.78
2041	5.00	46	3.84
2042	5.00	48	3.92
2043	5.00	48	3.99
2044	5.00	48	4.08
2045	5.00	45	4.15
2046	5.00	44	4.27
2051	4.375	50	4.60
2051	4.50	47	4.73

Water Replenishment District of Southern California
Optional call 8/1/2036
Tax-Exempt
$96,515,000
NR/AA+/NR/NR

Cabrera served as Co-Manager

Maturity	Coupon	Spread	Yield
2032	5.00	(15)	2.51
2033	5.00	(15)	2.58
2034	5.00	(15)	2.69
2035	5.00	(15)	2.76
2036	5.00	(14)	2.84
2037	5.00	(13)	2.94
2038	5.00	(10)	3.05
2039	5.00	(7)	3.16
2040	5.00	(5)	3.22
2041	5.00	(5)	3.28
2042	5.00	(3)	3.36
2043	5.00	(2)	3.44
2044	5.00	(2)	3.53
2045	5.00	(2)	3.63
2046	5.00	(2)	3.76
2051	4.00	14	4.19
2056	4.00	9	4.30

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UPCOMING NEGOTIATED CALENDAR

Size ($mm)	Issuer	State	Description
2,366.25	Aquarion Water Authority	CT	Water System Revenue Bonds
720.00	New Jersey Turnpike Authority	NJ	Turnpike Revenue Bonds
503.96	Louisville & Jefferson County Metro Government	KY	Health System Revenue Bonds (Norton Healthcare)
361.78	City of Quincy	MA	General Obligation Bond Anticipation Notes
339.53	New Jersey Turnpike Authority	NJ	Turnpike Revenue Bonds
278.92	Polk County School Board	FL	Certificates of Participation
277.65	Allegheny County	PA	General Obligation & Refunding Bonds (incl. Federally Taxable)
209.46	Omaha Airport Authority	NE	Airport Facilities Revenue Bonds (AMT / Non-AMT)
162.85	San Diego Community College District	CA	General Obligation Refunding Bonds
162.18	Katy Independent School District	TX	Unlimited Tax Refunding Bonds
162.08	City of Oakland, California	CA	Tax and Revenue Anticipation Notes
155.33	Public Finance Authority of Wisconsin	WI	Special Facility Refunding Revenue Bonds (Million Air Two) (AMT / Taxable)
152.16	Alameda Unified School District	CA	General Obligation Bonds
150.00	Delaware State Housing Authority	DE	Senior Single Family Mortgage Revenue Bonds (Non-AMT)
133.66	Pasadena Unified School District	CA	General Obligation Refunding Bonds
124.43	City of Lakeland	FL	Hospital Revenue Refunding Bonds (Lakeland Regional Health) (Fixed Mode)
116.05	California School Cash Reserve Program Authority	CA	Cash Reserve Program Bonds (Series A–D)
89.71	South Carolina Jobs & Economic Development Authority	SC	Educational Facilities Revenue Bonds (Gray Collegiate Academy)
83.84	Electrical District No. 3 of Pinal County	AZ	Electric System Revenue and Revenue Refunding Bonds
80.68	Virginia Commonwealth University	VA	General Revenue Pledge and Refunding Bonds

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Economic Calendar (All Times in EST)

Monday	Tuesday	Wednesday	Thursday	Friday
13-Jul	**14-Jul**	**15-Jul**	**16-Jul**	**17-Jul**
2:00 PM Monthly Treasury Balance	8:30 AM CPI Core	8:30 AM Empire State Manufacturing Survey, PPI, and Personal Consumption	8:30 AM Retail Sales, Philadelphia Fed Business Outlook Survey, and Weekly Jobless Claims	8:30 AM Housing Starts and Import Prices
	10:00 AM Federal Reserve Board Chair Kevin Warsh presents Monetary Policy Report to U.S. House Financial Services Committee	2:00 PM U.S. Federal Reserve Beige Book	10:00 AM Manufacturing & Trade: Inventories & Sales, NAHB Housing Market Index, and Pending Home Sales	9:15 AM Industrial Production and Capacity Utilization
20-Jul	**21-Jul**	**22-Jul**	**23-Jul**	**24-Jul**
10:00 AM Leading Indicators	No events scheduled	No events scheduled	8:30 AM Weekly Jobless Claims	9:45 AM US Flash Manufacturing and Services PMI
				10:00 AM New Home Sales