CABRERA CAPITAL MARKETS

Municipal Market Update

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MMD underperformed USTs this week, with muni yields rising 6–12 bps across the curve while Treasury yields were flat to 5 bps lower. The move came as fixed income markets absorbed renewed inflation pressure from higher energy prices, with Brent crude increasing from $76.01/bbl last Friday to $88.10/bbl this Friday, while markets continue to price a 61.4% probability of a September FOMC rate hike. Much of the volatility in munis, however, was driven by MMD/UST ratios moving back toward historical norms after reaching unusually rich levels at the start of last week, resulting in muni underperformance relative to Treasuries.

MMD/UST ratios have largely normalized after beginning last week at historically rich levels. The 5-year ratio increased to 64% from 61%, while the 10-year ratio rose to 69% from 67%, bringing both maturities closer to their long-term averages. The 30-year ratio increased to 86% from 85%, but long munis remain relatively rich, sitting 2 percentage points below their 5-year average of 88% and 7 percentage points below their 10-year average of 93%. Despite the week's sell-off, the long end continues to offer less relative value versus historical norms than intermediate maturities.

Municipal technicals remain supportive despite the recent repricing. Visible supply stands at $13.19 billion, while municipal bond funds recorded $1.4 billion of inflows for the week, matching the prior week's total and extending the market's inflow streak to 13 consecutive weeks. Year-to-date net inflows now total $35.12 billion, reflecting continued demand for municipal bonds and providing a constructive backdrop as summer reinvestment cash remains available to absorb new issuance. The SIFMA Municipal Swap Index reset to 2.91%, 109 basis points higher than the prior week.

Interest Rate Snapshot

MMD 1-Week Change			
Term	**17-July**	**10-July**	**Change (BPs)**
2-Year	2.43%	2.37%	+6
5-Year	2.73%	2.63%	+10
10-Year	2.73%	2.63%	+10
20-Year	3.14%	3.03%	+11
30-Year	3.93%	3.83%	+10

UST 1-Week Change			
Term	**17-July**	**10-July**	**Change (BPs)**
2-Year	4.18%	4.21%	-3
5-Year	4.28%	4.30%	-2
10-Year	4.55%	4.56%	-1
20-Year	5.07%	5.08%	-1
30-Year	5.06%	5.06%	0

Cabrera Capital Markets will serve as Senior Manager on the week's fifth-largest transaction, Magnolia ISD's $450 million Unlimited Tax School Building Bonds, Series 2026 (Aaa/NR/NR/NR – PSF). The Firm will also serve as Co-Manager on the $1.50 billion New York City Transitional Finance Authority Future Tax Secured Subordinate Bonds, Fiscal 2027 Series A, and the $943.9 million City of San Antonio Airport System Revenue and Refunding Bonds, Series 2026. The three largest transactions of this week include the following:

- $1.50 billion New York City Transitional Finance Authority Future Tax Secured Subordinate Bonds, Fiscal 2027 Series A (Tax-Exempt) (NR/NR/NR/NR)
- $1.17 billion District of Columbia Income Tax Secured Revenue Bonds, Series 2026A (Tax-Exempt) and Series 2026B (Federally Taxable) (Aa1/AAA/NR/NR)
- $943.9 million City of San Antonio Airport System Revenue and Refunding Bonds, Series 2026 (AMT) (A2/A+/A+/NR)

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Notable Deals Last Week

- **Aquarion Water Authority priced $2.3B of Water System Revenue Bonds across 3 series on the senior lien (A1/A-/NR/NR) and 2 series on the subordinate lien (A2/BBB+/NR/NR).** Following premarketing on Monday, spreads remained mostly unchanged excluding adjustments for changes in MMD and the inclusion of some additional insured maturities. The transaction garnered extremely significant demand during the order period with spreads lowered anywhere from 11-38 basis points throughout.

- **Katy Independent School District (PSF Aaa/AAA/NR/NR, Underlying Aa1/AA/NR/NR) priced $161 million Unlimited Tax Refunding Bonds.** Following premarketing on Tuesday, the transaction entered the market with spreads unchanged. Demand was strong during the order period, especially on the long end. Spreads were lowered 1-8 basis points throughout, excluding 2026, 2027, and 2038. Balances remained in 2026.

- **Pasadena Unified School District (Aa3/NR/NR/NR) priced $119 million General Obligation Bonds.** The transaction was structured out to 10 years with no optional call. The transaction was oversubscribed throughout and spreads were lowered 3-7 basis points.

- **Allegheny County, Pennsylvania (Aa3/AA-/NR/NR) priced $272 million tax-exempt General Obligation Refunding Bonds.** After the retail order period, yields remained mostly unchanged, but accounted for the adjustments in MMD, resulting in tighter spreads 2028 and longer. Demand was mostly heavily concentrated on the long end following the Institutional Order Period where spreads were tightened up to 8 basis points.

- **San Diego Community College District (Aa1/AAA/NR/NR) priced $292 million tax-exempt General Obligation Refunding Bonds.** The deal struggled throughout the curve and had to get 1-10 basis points wider in spread, with the largest cuts being in the 4-9 year area of the curve.

- **The Airport Authority of the City of Omaha (A1/AA-/NR/NR) priced $162 million AMT and $45 million Non-AMT Airport Facilities Revenue Bonds. Both series were well received in a volatile market.** The AMT series were able to bump several maturities 2-3 basis points with the term maturities being the most oversubscribed, and the Non-AMT series, achieved the most interest in 5-10 years, lowering yields 2 basis points.

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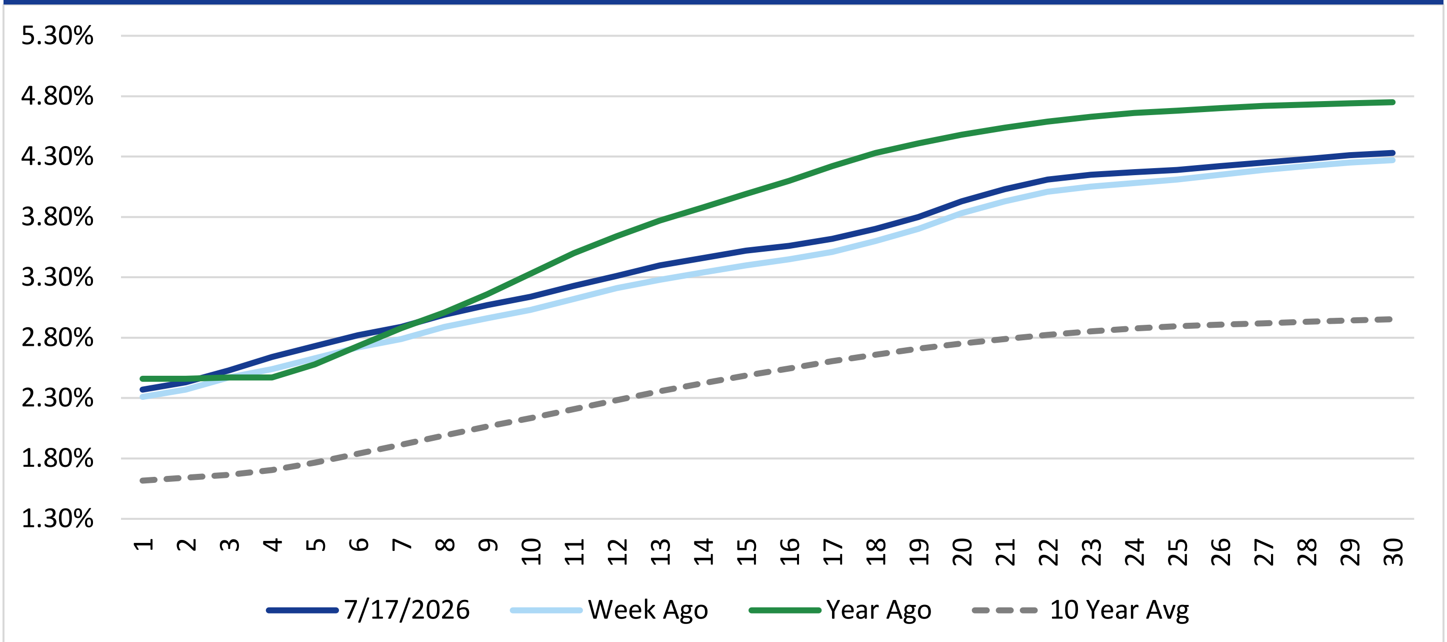
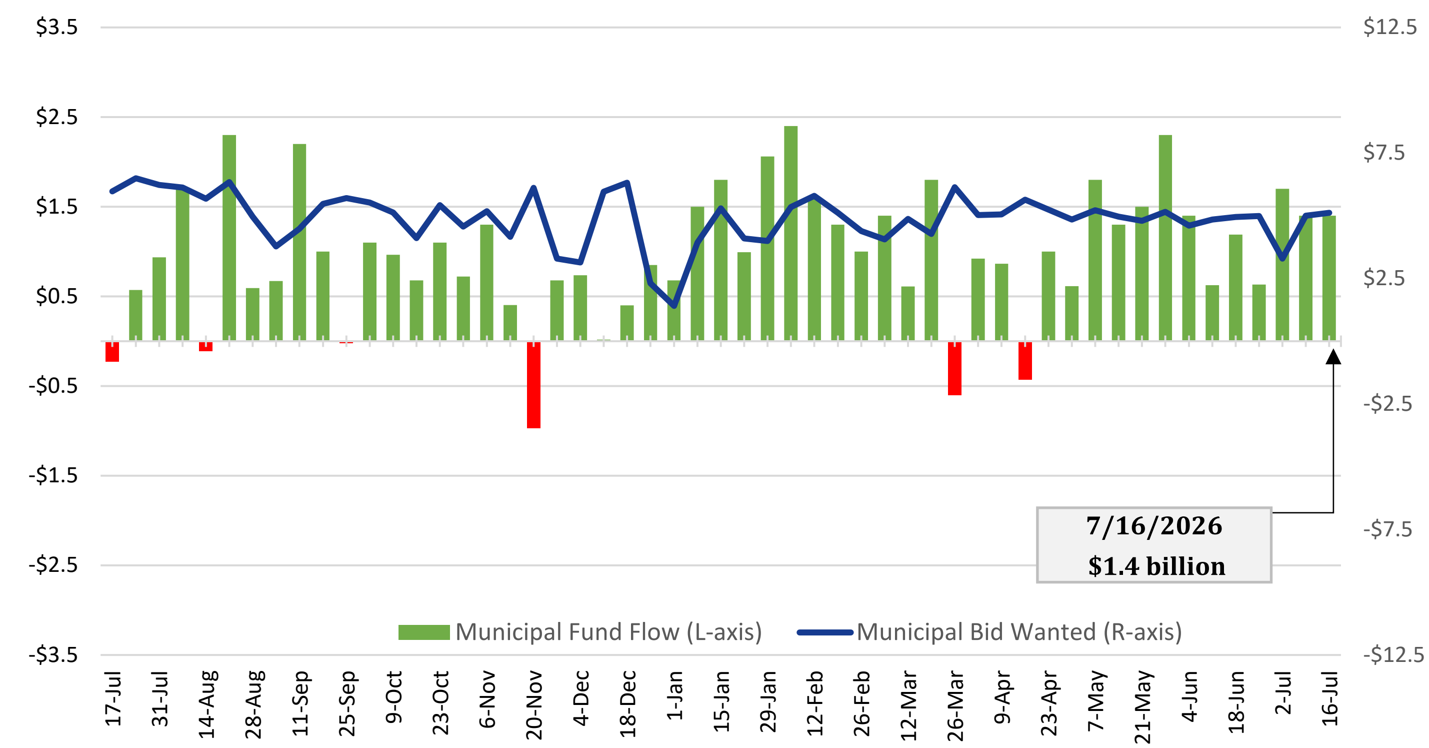
AAA MMD Curve



Municipal Fund Flows

Week 7/9/2026 – 7/16/2026 saw inflows of $1.4 billion
Source: Lipper, Bloomberg



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Notable Fixed-Rate New Issue Results From Last Week

San Diego Community College District
CA
Optional call 8/01/2036 @ 100.00
Tax-Exempt
$292,820,000
Aa1/AAA/NR/NR

Maturity	Coupon	Spread	Yield
2027	5.00	(12)	2.21
2028	5.00	(10)	2.30
2029	5.00	(10)	2.40
2030	5.00	(5)	2.53
2031	5.00	(4)	2.63
2032	5.00	(4)	2.72
2033	5.00	(1)	2.82
2034	5.00	(4)	2.90
2035	5.00	(5)	2.96
2036	5.00	(8)	3.00
2037	5.00	(10)	3.07
2038	5.00	(11)	3.14
2039	5.00	(10)	3.23
2040	5.00	(8)	3.30
2041	5.00	(4)	3.40
2042	5.00	(4)	3.45
2043	5.00	(3)	3.52

Katy Independent School District
TX
Optional call 2/15/2036 @ 100.00
Tax-Exempt
$161,030,000
PSF Aaa/AAA, Aa1/AA Underlying (M/S&P)

Maturity	Coupon	Spread	Yield
2026	5.00	15	2.48
2027	5.00	15	2.48
2028	5.00	12	2.51
2029	5.00	14	2.62
2030	5.00	18	2.73
2031	5.00	18	2.83
2032	5.00	21	2.92
2033	5.00	23	3.05
2034	5.00	25	3.15
2035	5.00	26	3.23
2036	5.00	24	3.28
2037	5.00	26	3.40
2038	5.00	28	3.50
2039	5.00	29	3.57
2040	5.00	30	3.68
2046	5.00	17	4.04
2047	5.00	21	4.18
2048	5.00	21	4.26
2049	5.00	20	4.29
2050	5.00	19	4.30

Pasadena Unified School District
CA
No optional call
Tax-Exempt
$119,750,000
Aa3/NR/NR/NR

Maturity	Coupon	Spread	Yield
2027	5.00	(8)	2.25
2028	5.00	(8)	2.31
2029	5.00	(11)	2.38
2030	5.00	(8)	2.48
2031	5.00	(8)	2.57
2032	5.00	(7)	2.67
2033	5.00	(6)	2.75
2034	5.00	(7)	2.85
2035	5.00	(7)	2.92
2036	5.00	(5)	3.01

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UPCOMING NEGOTIATED CALENDAR

Size ($mm)	Issuer	State	Description
1,500.00	**New York City TFA****	**NY**	**Future Tax Secured Subordinate Bonds (Tax-Exempt)**
1,171.36	District of Columbia	DC	Income Tax Secured Revenue Bonds (Tax-Exempt / Federally Taxable)
943.94	**City of San Antonio****	**TX**	**Airport System Revenue and Refunding Bonds (AMT)**
616.90	New Jersey Economic Development Authority	NJ	Revenue Bonds (QCF Advantage Behavioral Health) (Social Bonds)
493.03	West Valley-Mission Community College District	CA	General Obligation & Refunding Bonds
457.45	**Magnolia Independent School District***	**TX**	**Unlimited Tax School Building Bonds**
438.46	Municipal Improvement Corporation of LA	CA	Lease Revenue Refunding Bonds (Real Property)
378.89	Municipality of Anchorage	AK	Port Revenue Bonds (AMT)
334.28	Texas Transportation Commission	TX	State Highway Fund First Tier Revenue Refunding Bonds
300.00	Texas Dept. of Housing and Community Affairs	TX	Residential Mortgage Revenue Bonds
243.47	City of Auburn, AL	AL	General Obligation Warrants
227.94	Eastern Municipal Water District	CA	Refunding Water and Wastewater Revenue Bonds
212.10	**Pennsylvania Higher Ed. Facilities Authority****	**PA**	**Health System Refunding Revenue Bonds**
192.38	Northside Independent School District	TX	Variable Rate Unlimited Tax School Building Bonds
158.38	New York State Housing Finance Agency	NY	Affordable Housing Revenue Bonds (Sustainability Bonds)
156.69	**Mesquite Independent School District****	**TX**	**Unlimited Tax Refunding Bonds**
152.72	Royal Independent School District	TX	Unlimited Tax School Building Bonds
146.01	National Finance Authority NH	TX	PPDC Hays CISD Secured Appropriation Bonds
143.45	Allentown City School District	PA	General Obligation Bonds
140.79	Austin Community College District	TX	Limited Tax and Refunding Bonds

***Cabrera will serve as Senior Manager**

****Cabrera will serve as Co-Manager**

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Economic Calendar (All Times in EST)

Monday	Tuesday	Wednesday	Thursday	Friday
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
3:30 PM Federal Reserve Board of Governors closed meeting				10:00 AM New Home Sales
27-Jul	**28-Jul**	**29-Jul**	**30-Jul**	**31-Jul**
8:30 AM Durable Goods	8:30 AM Advance Economic Indicators Report, Wholesale Inventories, and Retail Inventories	U.S. interest rate decision	8:30 AM Advance estimate GDP, Weekly Jobless Claims, and PCE Price Idx	8:30 AM Employment Cost Index
8:00 PM U.S. Federal Open Market Committee meeting	10:00 AM Consumer Confidence			9:45 AM Chicago Business Barometer - ISM-Chicago Business Survey - Chicago PMI