



**CABRERA CAPITAL
MARKETS**

MUNICIPAL MARKET UPDATE

Public Finance

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Municipal bonds outperformed last week despite the volatility in the Treasury market following the June employment report, which showed the unemployment rate declining to 4.2% and reinforced uncertainty around the Fed’s policy path. With inflation remaining elevated and labor market conditions still relatively firm, the Fed will need to continue balancing its dual mandate of price stability and maximum employment. At the same time, Brent crude has fallen to approximately \$72 per barrel from highs near \$113 per barrel, which could help moderate inflationary pressures if lower energy costs continue to work their way through the economy. Last week was also a shortened trading week due to the July 4th holiday, which marked the 250th anniversary of American independence.

Looking ahead, Munis are expected to continue performing well as July reinvestment cash continues to outpace supply. Visible supply starts the week at just \$10.3 billion, while municipal bond funds recorded approximately \$1.7 billion of inflows, providing a supportive technical backdrop. Fund flows remain decisively positive, with YTD net inflows into Munis totaling \$31.972 billion and 11 consecutive weeks of positive inflows. 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. MMD outperformed UST last week, with both the 5-year and 30-year yields declining 2 bps.

The SIFMA Municipal Swap Index reset to 1.64%, 103 basis points below the prior week.

INTEREST RATE SNAPSHOT

MMD 1-Week Change				UST 1-Week Change			
Term	2-July	26-June	Change (BPs)	Term	2-July	26-June	Change (BPs)
2-Year	2.35%	2.36%	-1	2-Year	4.14%	4.07%	+7
5-Year	2.59%	2.61%	-2	5-Year	4.23%	4.12%	+11
10-Year	2.59%	2.61%	-2	10-Year	4.49%	4.38%	+11
20-Year	2.96%	2.95%	+1	20-Year	4.99%	4.87%	+12
30-Year	3.78%	3.80%	-2	30-Year	4.98%	4.87%	+11

This week, Cabrera will serve as Co-Manager for California State University’s Systemwide Revenue Bonds, Series 2026A, B1, B2, and B3 (Aa2/AA-/NR/NR), Co-Manager for the Water Replenishment District of Southern California Assessment Revenue Bonds, Series 2026 (NR/AA+/NR/NR), Senior Manager for the City of Kirby Combination Tax and Revenue Certificates of Obligation, Series 2026 (AGM: NR/AA/NR/NR) and Sole Manager for the Successor Agency to the City of Norwalk RDA transaction, Tax Allocation Refunding Bonds, Series 2026A&B (BAM: NR/AA/NR/NR)

The three largest transactions of this week include the following:

- \$1.8 billion California State University’s Systemwide Revenue Bonds, Series 2026A, B1,2,3 (Aa2/AA-/NR/NR)
- \$812 million Massachusetts Port Authority Revenue Bonds, Series 2026A (non-AMT) & 2026B (AMT) (Aa2/AA/AA/NR)
- \$767 million Massachusetts Bay Transportation Authority Senior Sales Tax Bonds, 2026 Series A (NR/AA+/AAA/AAA)



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NOTABLE DEALS LAST WEEK

- **Public Facility Financing Authority of the City of San Diego (Aa3/NR/AA-/NR) (Cabrera Co-Manager) priced \$428 million Senior Water Revenue Bonds.** The transaction was structured out 30-years with a 10-year call. Following premarketing on Tuesday, the transaction entered the Retail Order Period Wednesday morning with spreads mostly unchanged, excluding 1-4 basis point bump in 2037-2039. After garnering strong retail demand with over \$465 million in retail, spreads were lowered an additional 1-4 basis points throughout, excluding 2027, 2028, 2036, 2038, 2039, 2043, and 2045. Demand continued to be strong during the institutional order period and spreads were lowered further 1-7 basis points with strongest subscription on the term bonds.
- **Rhode Island Commerce Corporation (NR/AA-/NR/NR) priced \$158 million Grant Anticipation Refunding Bonds.** The transaction was structured short out 5-years. The series was oversubscribed for and spreads were lowered 2-4 basis points excluding 2028.
- **Orlando Utilities Commission (Aa2/NR/AA/NR) priced \$220 million Utility System Revenue Refunding Bonds.** The transaction was structured short, out to 2033 with no call option. Spreads were lowered 1-4 basis points throughout, excluding the 2026 maturity.
- **Eagle Pass Independent School District (PSF NR/AAA/AAA/NR, Underlying NR/A/A+/NR) priced \$165 million Unlimited Tax School Building and Refunding Bonds across two series.** Demand was strong throughout the amortization with heaviest oversubscription 20-years and longer. Spreads were lowered 1-10 basis points throughout excluding 2027, 2041, and 2042.



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NOTABLE FIXED-RATE NEW ISSUE RESULTS FROM LAST WEEK

Public Facility Financing Authority of the City of San Diego				Orlando Utilities Commission FL				Rhode Island Commerce Corp.			
Optional call 8/1/2036				No optional call				No optional call			
Tax-Exempt				Tax-Exempt				Tax-Exempt			
\$428,065,000				\$220,085,000				\$158,045,000			
Aa3 (Stable)/NR/AA- (Negative)/NR				Aa2/NR/AA/NR				NR/AA-(Stable)/NR/NR			
<i>Cabrera served as Co-Manager</i>											
Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield
				2026	5.00	16	2.49				
2027	5.00	(10)	2.21	2027	5.00	12	2.45	2027	5.00	20	2.53
2028	5.00	(10)	2.26	2028	5.00	15	2.52	2028	5.00	27	2.63
2029	5.00	(12)	2.34	2029	5.00	14	2.61	2029	5.00	25	2.70
2030	5.00	(12)	2.40	2030	5.00	15	2.70	2030	5.00	27	2.80
2031	5.00	(13)	2.47	2031	5.00	16	2.78	2031	5.00	27	2.88
2032	5.00	(13)	2.55	2032	5.00	14	2.85				
2033	5.00	(13)	2.60	2033	5.00	14	2.89				
2034	5.00	(14)	2.67								
2035	5.00	(12)	2.76								
2036	5.00	(8)	2.89								
2037	5.00	(8)	2.98								
2038	5.00	(6)	3.08								
2039	5.00	(4)	3.18								
2040	5.00	(3)	3.24								
2041	5.00	(4)	3.29								
2042	5.00	(4)	3.35								
2043	5.00	1	3.47								
2044	5.00	2	3.57								
2045	5.00	0	3.65								
2046	5.00	0	3.78								
2047	5.00	0	3.88								
2051	5.00	0	4.04								
2056	5.00	0	4.19								



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UPCOMING NEGOTIATED CALENDER

Size (\$mm)	Issuer	State	Description
1,803.215	California State University***	CA	Systemwide Revenue Bonds
812.005	MA Port Auth.	MA	Revenue Bonds (Non-AMT / AMT)
767.375	MA Bay Transportation Auth.	MA	Senior Sales Tax Bonds
430.000	Vanderbilt University	TN	Educational Facilities Revenue Bonds
425.370	Jacksonville Electric Auth.	FL	Water & Sewer System Revenue Bonds
357.375	MI State Building Auth.	MI	Revenue & Revenue Refunding Bonds (Facilities Program)
349.810	Jacksonville Electric Auth.	FL	Electric System Revenue Bonds
253.920	Sacramento Area Flood Control Agency	CA	Consolidated Capital Assessment District No. 2 Bonds
220.000	Douglas County School Dist. No. Re-1	CO	General Obligation Bonds
219.285	CT Health & Educational Facilities Auth.	CT	Revenue Bonds (Hartford HealthCare Energy)
214.965	KY Municipal Power Agency	KY	Power System Revenue Refunding Bonds (Prairie State)
212.075	Durham County	NC	General Obligation Refunding Bonds
161.780	Board of Trustees, Univ. of Arkansas	AR	Various Facility Revenue Bonds (Fayetteville Campus)
157.030	California Housing Finance Agency	CA	Affordable Housing Revenue Bonds (Non-AMT) (Sustainability Bonds)
152.805	California Community College Financing Auth.	CA	Student Housing Revenue Bonds (Ohlone Community College)
132.825	Decatur Indep. School Dist.	TX	Unlimited Tax School Building Bonds (PSF)
130.715	CT Health & Educational Facilities Auth.	CT	Taxable Revenue Bonds (Hartford HealthCare Energy)
125.265	MA Dev. Finance Agency	MA	Revenue Bonds (Worcester Polytechnic Institute)
120.000	NM Mortgage Finance Auth.	NM	Single Family Mortgage Program Class I Bonds (Non-AMT)
113.869	California Municipal Finance Auth.	CA	Affordable Housing Certificates
96.515	Water Replenishment Dist. of Southern California*	CA	Replenishment Assessment Revenue Bonds
27.880	Successor Agency to Norwalk Redevelopment Agency*	CA	Tax Allocation Refunding Bonds (Tax-Exempt / Taxable)
15.000	City of Kirby**	TX	Combination Tax & Revenue Certificates of Obligation

*Cabrera will serve as Sole Manager

**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
6-Jul	7-Jul	8-Jul	9-Jul	10-Jul
9:45 AM		2:00 PM	8:30 AM	
US Services PMI	No events scheduled	Federal Open Market Committee meeting minutes and economic forecast	Weekly Jobless Claims	No events scheduled
10:00 AM		8:00 PM	10:00 AM	
Report On Business Services PMI		Bank of England Deputy Gov. Sarah Breden, FRB New York Pres. John Williams and FRB Dallas Pres. Lorie Logan speak at The Future of Market Liquidity and Functioning Workshop	Existing Home Sales	
13-Jul	14-Jul	15-Jul	16-Jul	17-Jul
2:00 PM	8:30 AM	8:30 AM	8:30 AM	8:30 AM
Monthly Treasury Balance	CPI Core	Empire State Manufacturing Survey, PPI, and Personal Consumption	Retail Sales, Philadelphia Fed Business Outlook Survey, and Weekly Jobless Claims	Housing Starts and Import Prices
	10:00 AM	2:00 PM	10:00 AM	9:15 AM
	Federal Reserve Board Chair Kevin Warsh presents Monetary Policy Report to U.S. House Financial Services Committee	U.S. Federal Reserve Beige Book	Manufacturing & Trade: Inventories & Sales, NAHB Housing Market Index, and Pending Home Sales	Industrial Production and Capacity Utilization