CABRERA CAPITAL MARKETS

Municipal Market Update

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This week, the volatile treasury market took center stage, as the Trump Administration battled market fears over the prolonged conflict with Iran, inflation and world trade, as well as record setting US deficits and borrowing needs. Overall, the Treasury market is fragile, searching for stability in an uncertain world. This narrative was reflected in the long treasury bond, which hit a 20 year high on Tuesday and led the Treasury Secretary to announce an increased buyback program to improve liquidity and lower rates. The subsequent rally was short lived, and the Long Bond gave up most of the gains by Friday's close, as traders questioned the effectiveness of the proposed plan. (Please see our extended "Carlos's Commentary" for additional color).

As we start the week, municipal technicals remain supportive, with Lipper reporting inflows of $838 million, and reinvestment needs high. On the supply side, this week's tax-exempt calendar declines to $12.23 billion from $15.84 billion, though it remains above the year-to-date weekly average of $10.60 billion. Elevated bid-wanted volume and dealer inventories were absorbed without material dislocation, and the secondary market firmed alongside the primary calendar into the end of the week. As illustrated below, MMD underperformed treasuries on the long end amidst general weakness.

Interest Rate Snapshot

MMD 1-Week Change

Term	21-Aug	14-Aug	Change (bps)
2-Year	2.51%	2.51%	**0 bps**
5-Year	2.80%	2.75%	**+5 bps**
10-Year	3.31%	3.23%	**+8 bps**
20-Year	4.14%	4.05%	**+9 bps**
30-Year	4.52%	4.45%	**+7 bps**

UST 1-Week Change

Term	21-Aug	14-Aug	Change (bps)
2-Year	4.24%	4.17%	**+7 bps**
5-Year	4.43%	4.36%	**+7 bps**
10-Year	4.74%	4.68%	**+6 bps**
20-Year	5.25%	5.25%	**0 bps**
30-Year	5.27%	5.25%	**+2 bps**

Cabrera will serve as Co-Manager on the State of California's $2.8 billion Various Purpose General Obligation & Refunding Bonds, the City of Philadelphia's $235 million Gas Works Revenue Refunding Bonds, and Arlington Independent School District's $120 million Unlimited Tax School Building Bonds. The upcoming negotiated calendar is led by several large state general obligation, healthcare, water and power, and school district credits. The three largest transactions on this week's calendar include the following:

- **$2.8 billion State of California** Various Purpose General Obligation & Refunding Bonds
- **$800 million SSM Health Care Corporation** Taxable Bonds
- **$600 million School District of Philadelphia** Tax and Revenue Anticipation Notes

Notable Deals Last Week

Cabrera's Deals

- **Dallas Independent School District Public Facilities Corporation (Aa2/NR/NR/NR) (Cabrera Co-Manager) priced $110 million tax-exempt and $19 million taxable Lease Revenue Bonds.** The tax-exempt series was structured out 25 years with a 10-year call and the taxable series was structured out 10 years with no optional call. Following premarketing, the tax-exempt scale cheapened 5 basis points. Demand was strongest 10 years and in, while the long end cheapened an additional 2-5 basis points and 10 years and in was bumped 1-6 basis points. The taxable series performed well and spreads were lowered 2-4 basis points.
- **New York City Transitional Finance Authority (Aa1/AAA/AAA/NR) (Cabrera Co-Manager) priced $1.5 billion Future Tax Secured Subordinate Bonds.** The transaction was structured out 23 years with a 10-year call. The transaction received strong demand, especially on the long end, and spreads were tightened 1-9 basis points throughout, excluding 2050 which was unchanged.
- **Montebello Public Financing Authority (NR/A+/NR/NR) (Cabrera Sole Manager) priced $43 million Lease Revenue Refunding Bonds for the HOME2 Suites by Hilton Hotel Project.** The transaction was structured out 20 years with a 10-year call. Following premarketing, spreads were cheapened 1-5 basis points 2031 and longer due to weak market conditions. The transaction received strong demand on the short end, but slower demand in the belly of the curve. Spreads were lowered 1-5 basis points 2027-2033 and cheapened 2-3 basis points 2035-2039. Maturities in 2040-2044 were restructured to discount structures with 4.00% and 4.25% coupons.

Other Notable Deals

- **Los Angeles County priced $509 million Toll Revenue First Lien Bonds for the I-105 Express Lanes Project (Baa2/NR/BBB-/NR).** The transaction was structured out 30 years with a 10-year call. After receiving extremely strong demand during the order period, spreads were tightened 9-23 basis points throughout.
- **Compton Unified School District (Aa2/NR/NR/NR) priced $187 million across two series of General Obligation Bonds and Refunding Bonds.** Following premarketing, spreads were cheapened 3-5 basis points entering the preliminary order period. The short end performed very well with heavy oversubscription levels, while the long end struggled and significant balances remained in the term bonds. Spreads were lowered 2-7 basis points 2027-2031, 2036, and 2042-2046. The terms got 7 basis points cheaper and the longest term was bifurcated to include a 5.25% coupon.
- **Montgomery County Toll Road Authority (NR/A/NR/NR) priced $155 million Senior Lien Toll Road Revenue and Refunding Bonds.** The transaction was structured out 30 years with a 10-year call. Following premarketing, spreads were adjusted 2-6 basis points, with the largest adjustments where maturities were restructured to be uninsured. The transaction received very strong demand throughout the amortization and spreads were lowered 2-12 basis points throughout, excluding 2043.

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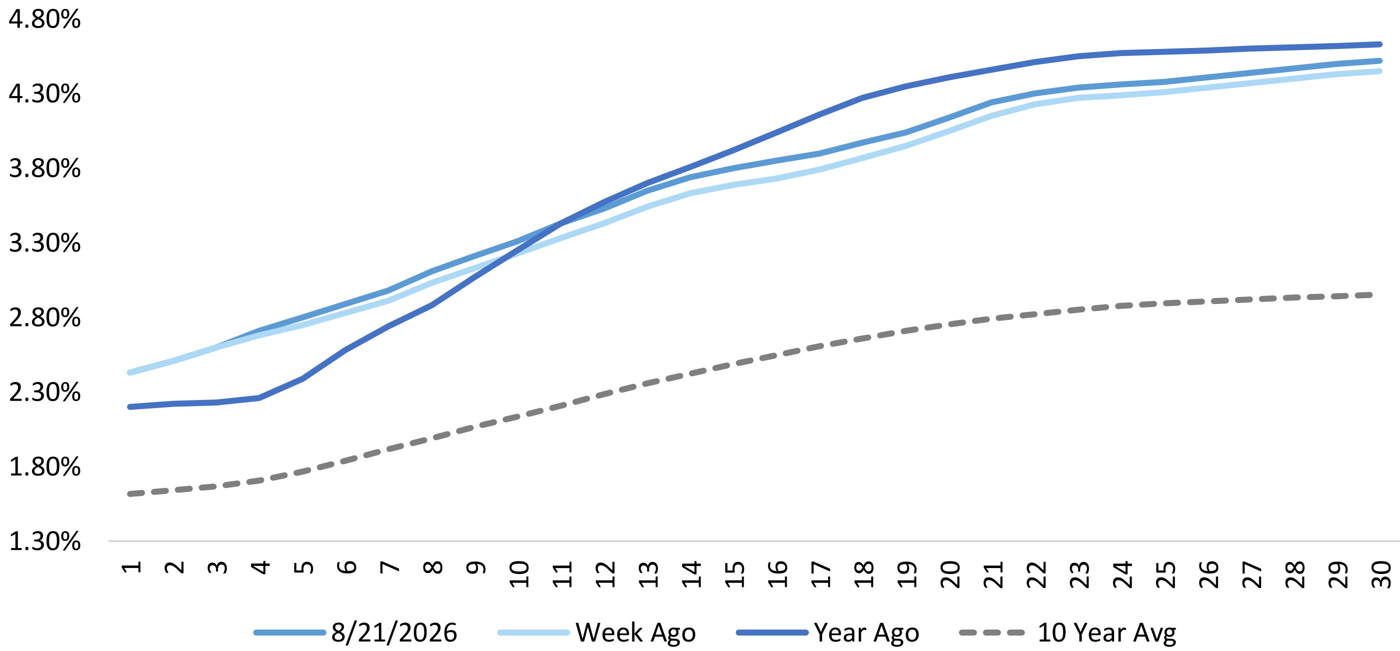
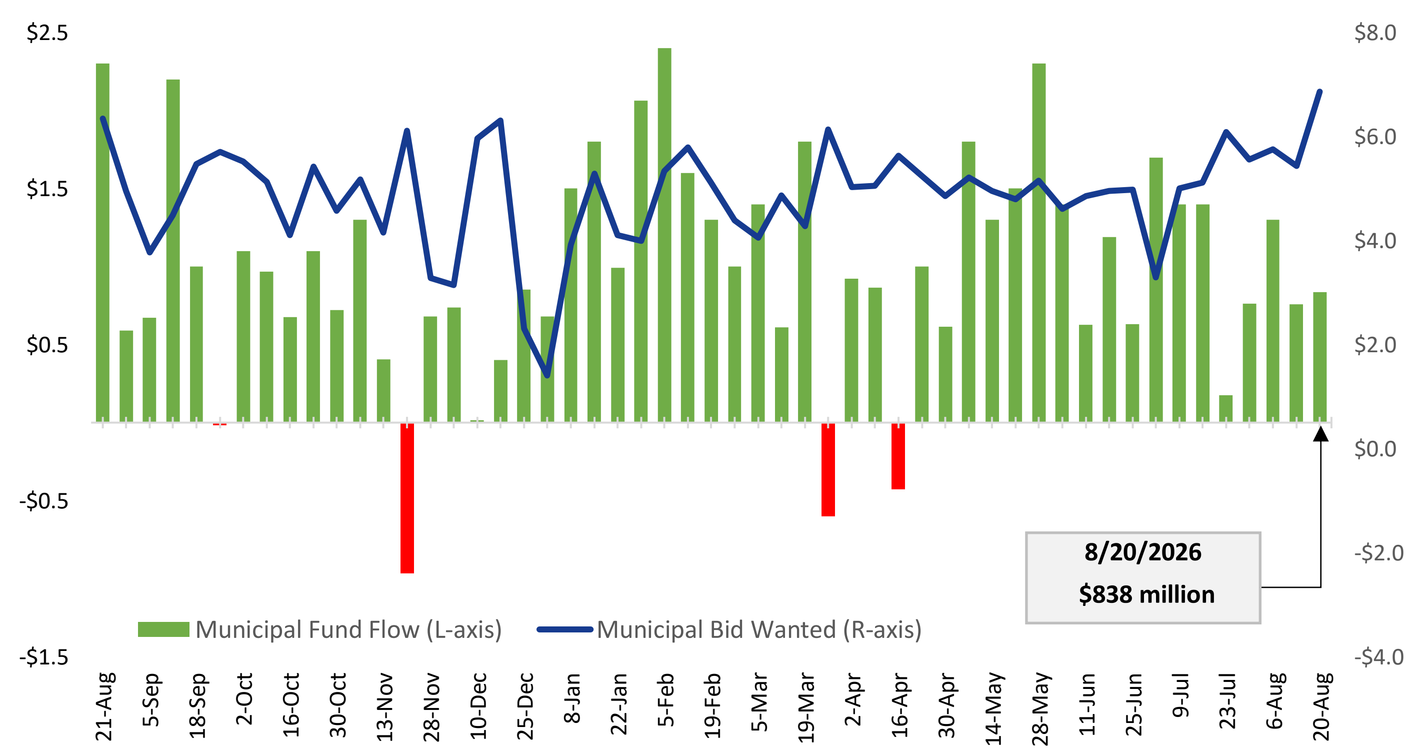
AAA MMD Curves



Municipal Fund Flows

Week 8/13/2026 – 8/20/2026 saw inflows of $838 million
Source: Lipper, Bloomberg



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Carlos's Commentary

This section features macroeconomic commentary from Carlos Desmaras, Executive Director and lead banker covering the Northeast. Carlos provides his own perspective on what recent developments may mean for markets going forward:

<u>Economic Indicators</u>. This week's economic indicators were of negligible importance with the exception of the release of the **FOMC July 28-29 meeting minutes**. Fixed income markets were nevertheless exceptionally volatile as they responded to **administration pronouncements** that pushed market participants' views on the likely timing of the end of the Iran conflict and normalization of oil prices further into the future.

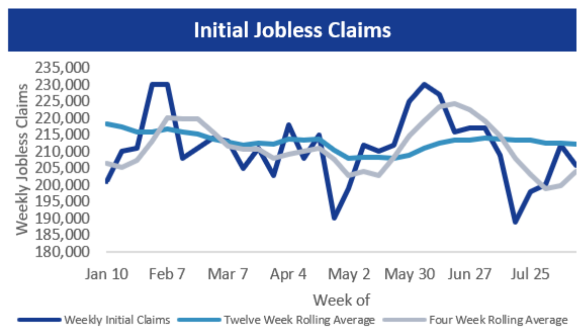
<u>FOMC Minutes.</u> The **July 28-29, 2026 FOMC minutes are noticeably more concerned about inflation than the June 16-17, 2026 minutes**.

<u>Other Indicators.</u> **Data on labor market conditions have done close to a 180 over the past three months**, as non-farm payrolls have swung from a 3-month average of +188,000 for May to just +20,000 for July.

As it does every Thursday, the BLS published data on weekly initial jobless claims, a minor but high frequency and volatile indicator of labor market conditions. Claims for the week of August 15th printed at +206,000, down 6,000 from the prior week. Jobless claims have been slowly trending lower, signaling fewer layoffs. Together with the non-farm payroll data, **the low hire, low fire environment persists**. The four-week moving average has declined sharply since June 20th, reflecting a recent improvement, while the twelve-week moving average has barely declined in 2026, beginning the year at 220,000 and now standing at 212,000, illustrating the small and slow improvement in unemployment claims and layoffs.

BLS Employment Situation Report – Change in Nonfarm Payrolls

Payroll Month	July Report Released 8/7/2026	June Report Released 7/2/2026*	May Report Released 6/5/2026*
July	(23,000)		
June	20,000	57,000	
May	63,000	129,000	172,000
April		148,000	179,000
March			214,000
3-month Total	60,000	334,000	565,000
3-month Average	20,000	111,333	188,333



<u>Geopolitics.</u> **Geopolitics whipsawed the market this week**. The week began with the expiration of the MOU with Iran and the President threatening to bomb Oman. **Interest rates rose on Monday and Tuesday, the UST Note rose from 4.68% to 4.74% and the thirty-year Bond traded at a two-decade high yield of 5.33%**. On Wednesday, responding to the bond market persistently grinding to higher rates, Treasury Secretary Bessent announced a plan to double the size of the Treasury Department's purchases of longer dated Treasury obligations from $2 billion to $4 billion from 9/9/2026 to 11/4/2026. The market rallied on the news, but Thursday and Friday saw yields move higher and again test the recent decade high yields, with the ten-year and thirty-year closing at 4.736% and 5.276%, driven by:

- The realization that the announced buyback plan's impact on bond yields is likely limited due to its size ($4 billion in a $40 trillion U.S. Treasury bond market), and
- Subsequent pronouncements by the administration, including declaring economic sanctions on Iran, which suggested the runway to achieve an end to the conflict that keeps the price of oil elevated has gotten longer.

<u>Upcoming this week.</u> Secretary **Bessent has scheduled a press conference on Monday** to discuss economic sanctions on Iran and may again attempt to direct yields lower. Key economic indicators **this week include PCE**, the Fed's preferred inflation gauge, on Wednesday (8/26/2026).

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Notable Fixed Rate New Issue Results from Last Week

Montebello Public Financing Authority

CA

Optional call 6/1/2036

Tax-Exempt

$43,775,000

NR/A+/NR/NR

Cabrera served as Sole Manager

Maturity	Coupon	Spread	Yield
2027	5.00	14	2.57
2028	5.00	15	2.66
2029	5.00	15	2.75
2030	5.00	16	2.86
2031	5.00	18	2.98
2032	5.00	23	3.11
2033	5.00	26	3.24
2034	5.00	29	3.38
2035	5.00	32	3.51
2036	5.00	34	3.63
2037	5.00	38	3.77
2038	5.00	40	3.90
2039	5.00	40	4.01
2040	4.00	60	4.32
2041	4.00	60	4.38
2042	4.25	60	4.43
2043	4.25	60	4.48
2044	4.25	60	4.56
2045	5.00	37	4.41
2046	5.00	37	4.51

New York City Transitional Finance Authority

NY

Optional call 11/1/2036

Tax-Exempt

$1,500,000,000

Aa1/AAA/AAA/NR

Cabrera served as Co-Manager

Maturity	Coupon	Spread	Yield
2027	5.00	9	2.55
2028	5.00	9	2.65
2029	5.00	17	2.82
2030	5.00	20	2.96
2031	5.00	20	3.05
2040	5.25	35	4.10
2041	5.00	40	4.21
2042	5.00	41	4.27
2043	5.25	41	4.32
2044	5.25	41	4.40
2045	5.00	43	4.50
2046	5.25	38	4.55
2047	5.25	38	4.65
2048	5.25	38	4.72
2050	5.25	40	4.80
2052	5.50	31	4.76
2053	5.00	39	4.87
2054	5.50	26	4.77

Dallas ISD Public Facility Corporation

TX

Optional call 8/15/2036

Tax-Exempt

$110,040,000

Aa2/NR/NR/NR

Cabrera served as Co-Manager

Maturity	Coupon	Spread	Yield
2027	5.00	26	2.69
2028	5.00	30	2.81
2029	5.00	29	2.89
2030	5.00	33	3.01
2031	5.00	36	3.11
2032	5.00	35	3.18
2033	5.00	37	3.28
2034	5.00	39	3.42
2035	5.00	39	3.52
2036	5.00	39	3.62
2037	5.00	44	3.77
2038	5.00	46	3.89
2039	5.00	49	4.03
2040	5.00	51	4.14
2041	5.00	52	4.21
2042	5.00	52	4.25
2043	5.00	52	4.31
2044	5.00	52	4.39
2045	5.00	52	4.47
2046	5.00	51	4.56
2051	5.00	50	4.81

Dallas ISD Public Facility Corporation priced two series of Bonds.

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Upcoming Negotiated Calendar

Size ($mm)	Issuer	State	Description
2,843.085	**State of California***	**CA**	**Various Purpose General Obligation & Refunding Bonds**
800.000	SSM Health Care Corp.	MO	Taxable Bonds
600.000	School Dist. of Philadelphia	PA	Tax and Revenue Anticipation Notes
585.630	City of Portland	OR	Second Lien Water System Revenue and Refunding Bonds (Green Bonds)
456.940	MO Health & Educational Facilities Auth.	MO	Health Facilities Revenue Bonds (SSM Health)
439.070	City of San Antonio	TX	General Improvement & Refunding Bonds / Certificates of Obligation / Tax Notes
419.445	MD Health & Higher Educational Facilities Auth.	MD	Revenue Bonds (Adventist HealthCare)
410.460	Metropolitan Water Reclamation Dist. of Greater Chicago	IL	Revenue Bonds (Green Bonds)
392.750	Pennsylvania State Univ.	PA	General Obligation Refunding Bonds
374.790	San Francisco Unified School Dist.	CA	General Obligation Bonds
299.640	Renton School Dist. No. 403	WA	Unlimited Tax General Obligation & Refunding Bonds
235.000	**City of Philadelphia***	**PA**	**Gas Works Revenue Refunding Bonds**
229.525	GA Housing & Finance Auth.	GA	Single Family Mortgage Bonds (Non-AMT)
159.985	MN Municipal Power Agency	MN	Electric Revenue & Refunding Bonds
158.980	City of League City	TX	Combination Tax & Revenue Certificates of Obligation
148.630	King County Public Hospital Dist. No. 1	WA	Limited Tax General Obligation Refunding Bonds (Valley Medical Center)
142.970	City of Miami Beach	FL	Resort Tax Revenue Refunding Bonds
128.885	Fresno Unified School Dist.	CA	General Obligation & Refunding Bonds (Election of 2024)
123.715	Eagle County School Dist. No. RE-50J	CO	General Obligation Refunding Bonds
120.905	**Arlington Indep. School Dist.***	**TX**	**Unlimited Tax School Building Bonds**

*Cabrera will serve as Co-Manager

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Economic Calendar (EST)

Monday	Tuesday	Wednesday	Thursday	Friday
24-Aug	**25-Aug**	**26-Aug**	**27-Aug**	**28-Aug**
	9:00 AM	2:00 PM	8:30 AM	9:45 AM
No events scheduled	S&P Cotality Case-Shiller Home Px Index	Durable Goods, 2nd estimate GDP, Personal Income, and Consumer Spending	Weekly jobless claims and Advance U.S. Trade Balance in Goods	Chicago Business Barometer - ISM-Chicago Business Survey - Chicago PMI
	10:00 AM		11:00 AM	10:00 AM
	New Home Sales and Conference Bd - Consumer Confidence		Kansas City Fed Survey	U. Michigan Final Consumer Survey

Monday	Tuesday	Wednesday	Thursday	Friday
31-Aug	**1-Sep**	**2-Sep**	**3-Sep**	**4-Sep**
	9:45 AM	10:00 AM	8:30 AM	8:30 AM
No events scheduled	US Manufacturing PMI	Factory Orders	Weekly jobless claims and U.S. Trade Balance	Employment Report, Unemployment Rate and Average Hourly Earnings
	10:00 AM	2:00 PM	10:00 AM	
	Construction Spending and Job Openings & Labor Turnover Survey	Federal Reserve Beige Book	Report On Business Services PMI	