CABRERA CAPITAL MARKETS

Municipal Market Update

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Municipals were largely range-bound last week, though with a modest bias toward weakness. We saw some softness in the 30-year portion of the curve midweek, while Treasury rates increased more meaningfully—by as much as 10 basis points on the front end—following Fed Chair Warsh's hawkish Jackson Hole remarks that inflation is not yet meaningfully slowing.

Despite that move, municipal ratios finished the week at or less than their one-year trailing averages across most of the curve. The exceptions are the seven- and ten-year points of the curve, where municipals remain cheap relative to Treasuries. The ten-year municipal yield is currently about 70% of the comparable Treasury yield, roughly three percentage points above its one-year average, while the seven-year sits about one percentage point above its average. Last week's $15.6 billion calendar was led by the State of California GO transaction, which was very well received and repriced meaningfully tighter. Demand continues to be supported by fund flows, with municipal bond funds taking in $1.44 billion last week, up from $838 million the prior week.

Secondary trading felt distinctly like a summer market. Volumes were down between 9% and 20% over the course of the week compared with what we experienced during the prior month. Even with the lighter activity, our trading desk was active in the secondary and competitive markets. Competitively we bid alone on $18 million of Arlington Heights, Illinois School District bonds (cover), $52mm State of Michigan General Obligation bonds (cover), $43mm Brookhaven NY and $100mm Ft Worth TX. Looking ahead, the calendar remains elevated at approximately $15.8 billion, including $11.2 billion negotiated and $4.6 billion competitive.

Interest Rate Snapshot

MMD 1-Week Change			
Term	**28-Aug**	**21-Aug**	**Change (bps)**
2-Year	2.51%	2.51%	**0 bps**
5-Year	2.80%	2.80%	**0 bps**
10-Year	3.33%	3.31%	**+2 bps**
20-Year	4.19%	4.14%	**+5 bps**
30-Year	4.55%	4.52%	**+3 bps**

UST 1-Week Change			
Term	**28-Aug**	**21-Aug**	**Change (bps)**
2-Year	4.34%	4.24%	**+10 bps**
5-Year	4.48%	4.43%	**+5 bps**
10-Year	4.73%	4.74%	**-1 bps**
20-Year	5.21%	5.25%	**-4 bps**
30-Year	5.22%	5.27%	**-5 bps**

Cabrera will serve as Co-Senior Manager on the City of Chicago's $1.31 billion General Airport Senior Lien Revenue Bonds and as Co-Manager on the Texas Transportation Commission's $723 million General Obligation Mobility Fund & Refunding Bonds. The three largest transactions on this week's calendar include the following:

- **$1.35 billion Salt River Project Agricultural Improvement & Power District** Electric System Revenue Bonds
- **$1.31 billion City of Chicago** General Airport Senior Lien Revenue Bonds
- **$723 million Texas Transportation Commission** General Obligation Mobility Fund & Refunding Bonds

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Notable Deals Last Week

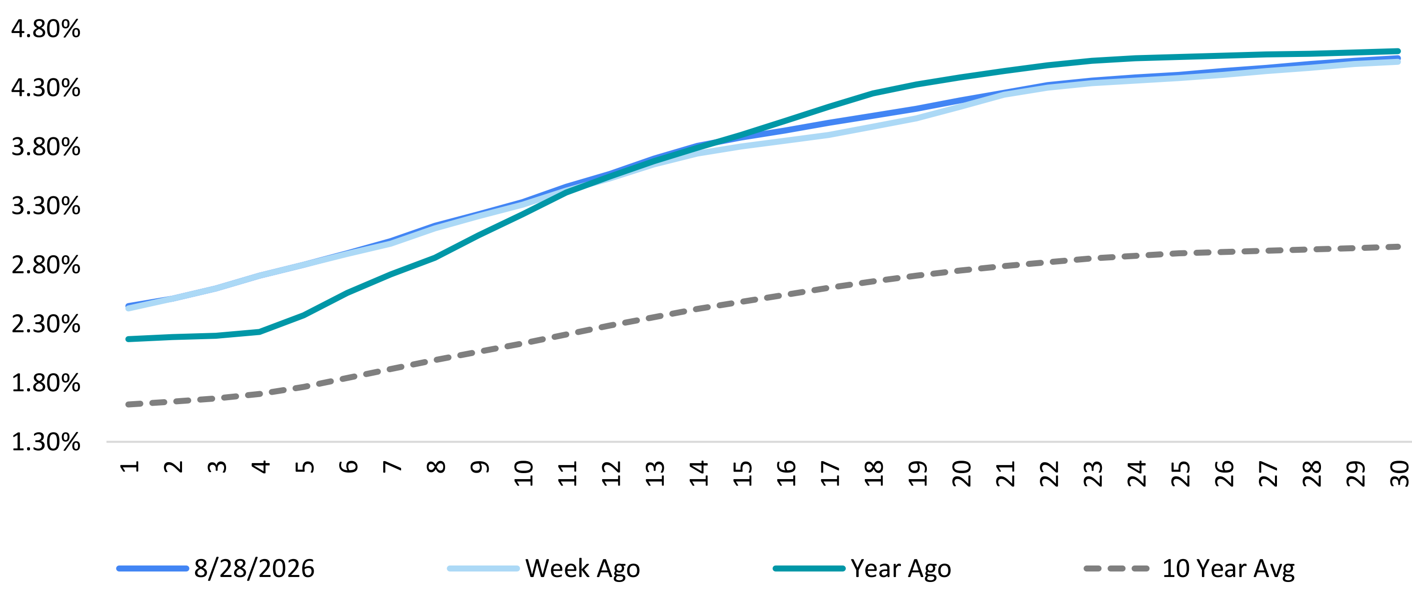
Cabrera's Deals

- **Arlington Independent School District (Aaa/AAA/NR/NR PSF, Underlying Aa1/AA/NR/NR) (Cabrera Co-Manager) priced $125 million Unlimited Tax School Building Bonds.** The transaction was structured out 25 years with a 10-year call. Following premarketing on Wednesday, 2040-2044 was restructured to 5.25% coupons and spreads were tightened 5 basis points. The transaction received very strong demand 2039 and longer, with spreads tightened 3-5 basis points in that range.
- **The City of Philadelphia priced $213 million Gas Works Revenue Refunding Bonds (A3/A+/A/NR) (Cabrera Co-Manager).** The transaction was structured out to 2041 with a 10-year call. The transaction entered the market with spreads unchanged from premarketing. Excluding balances in 2029, the transaction was subscribed for throughout the amortization and spreads were tightened 1-7 basis points.
- **The State of California (Aa2/AA-/AA/NR) (Cabrera Co-Manager) priced $2.8 billion General Obligation Bonds and Refunding Bonds across two series.** After garnering $1.4 billion of retail orders between the two series, the transaction entered the institutional order period with spreads tightened 1 basis point in 2027, 2034, 2037, and 2056. The transaction continued to receive strong demand during the institutional order period, where it was upsized by $300 million to $3.1 billion and spreads were lowered 1-9 basis points throughout, excluding 2028-2031, 2035 4% and 2037 4%.

Other Notable Deals

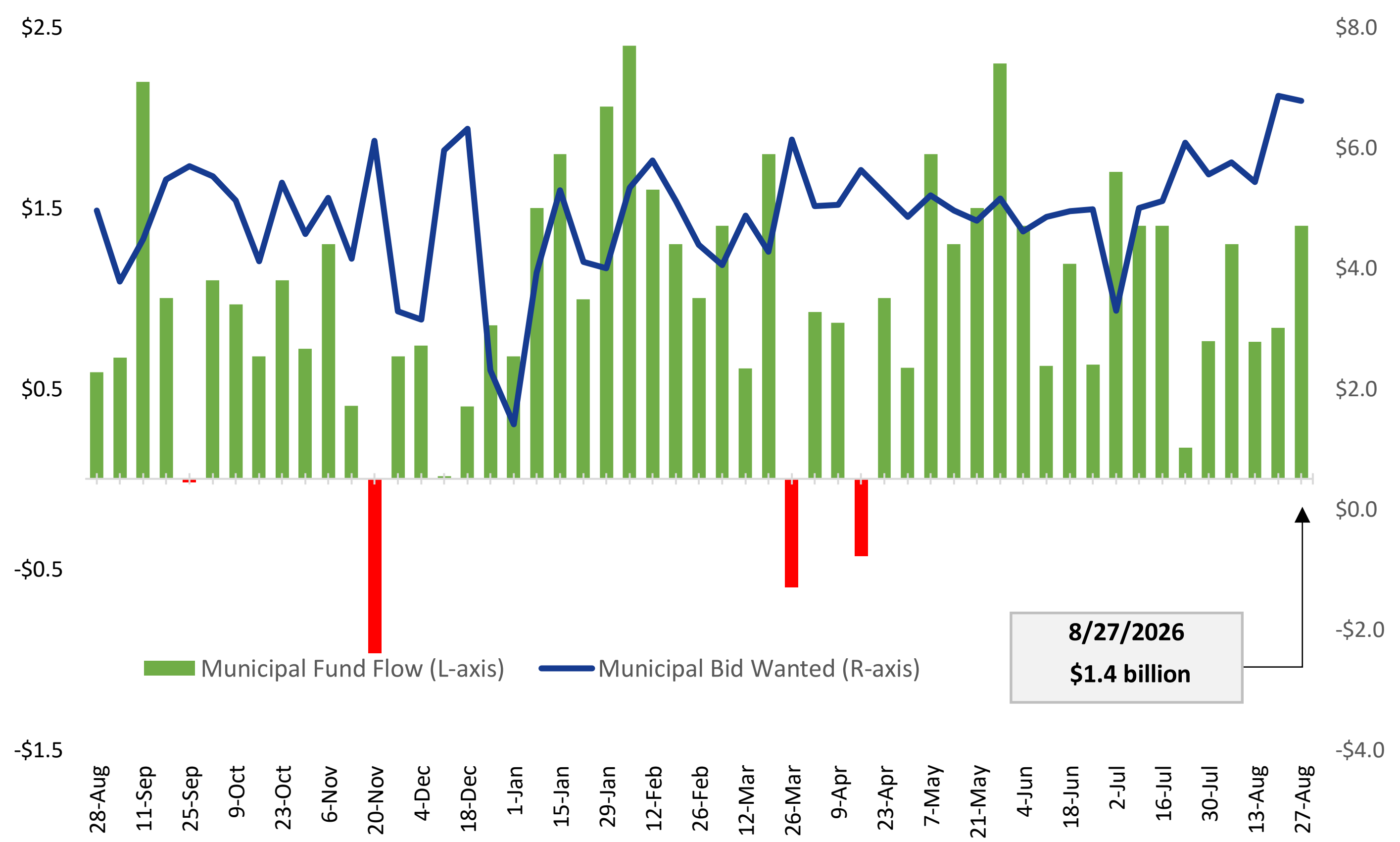
- **The City of San Antonio priced $535 million General Obligation Bonds across three series of tax-exempt bonds and two series of taxable bonds.** Following premarketing, spreads were increased 2-3 basis points on the tax-exempt series and unchanged on the taxable series. The tax-exempt series received very strong demand and spreads were lowered 2-10 basis points. The taxable series were also met with strong demand, and spreads were tightened 2-5 basis points throughout, excluding 2051.

AAA MMD Curves



Municipal Fund Flows

Week 8/21/2026 – 8/27/2026 saw inflows of $1.4 billion **Source: Lipper, Bloomberg**



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Notable Fixed Rate New Issue Results from Last Week

State of California
CA
Optional call 8/1/2036 @ 100.00
No optional call 8/1/2037
Tax-Exempt
$2,544,730,000
Aa2/AA-/AA/NR

Cabrera served as Co-Manager

Maturity	Coupon	Spread	Yield
2027	5.00	6	2.49
2028	5.00	9	2.58
2029	5.00	11	2.69
2030	5.00	14	2.83
2031	5.00	15	2.93
2031	4.00	15	2.93
2032	5.00	12	3.00
2033	5.00	12	3.10
2034	5.00	12	3.23
2034	4.00	19	3.30
2035	5.00	11	3.32
2035	4.00	21	3.42
2036	5.00	9	3.40
2037	5.00	8	3.51
2037	4.00	24	3.67
2038	5.00	10	3.64
2046	5.00	9	4.25
2046	4.25	23	4.39

State of California
priced two series of Bonds aggregating
$3.1 Billion in par simultaneously
with the Series listed above.

City of Philadelphia
PA
Optional call 10/1/2036 @ 100.00
Tax-Exempt
$213,330,000
A3/A+/A/NR

Cabrera served as Co-Manager

Maturity	Coupon	Spread	Yield
2027	5.00	19	2.62
2028	5.00	25	2.75
2029	5.00	28	2.87
2030	5.00	30	3.00
2031	5.00	29	3.08
2032	5.00	31	3.20
2033	5.00	33	3.32
2034	5.00	32	3.44
2035	5.00	34	3.56
2036	5.00	34	3.67
2037	5.00	35	3.80
2038	5.00	37	3.92
2039	5.00	36	4.04
2040	5.00	38	4.15
2041	5.00	38	4.21

Arlington Independent School District
TX
Optional call 2/15/2036 @ 100.00
Tax-Exempt
$125,000,000
Aaa/AAA PSF
Aa1/AA Underlying (M/S&P)

Cabrera served as Co-Manager

Maturity	Coupon	Spread	Yield
2027	5.00	18	2.61
2028	5.00	19	2.67
2029	5.00	21	2.77
2030	5.00	23	2.89
2031	5.00	24	3.00
2032	5.00	25	3.08
2033	5.00	26	3.23
2034	5.00	28	3.35
2035	5.00	30	3.47
2036	5.00	31	3.58
2037	5.00	32	3.72
2038	5.00	33	3.84
2039	5.00	31	3.93
2040	5.25	25	4.02
2041	5.25	26	4.10
2042	5.25	26	4.16
2043	5.25	26	4.21
2044	5.25	25	4.26
2045	5.00	29	4.37
2046	5.00	28	4.44
2047	5.00	27	4.53
2048	5.00	27	4.59
2049	5.00	27	4.63
2050	5.00	29	4.68
2051	5.00	29	4.70

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Upcoming Negotiated Calendar

Size ($mm)	Issuer	State	Description
1,351.535	Salt River Project Agricultural Improvement & Power Dist.	AZ	Electric System Revenue Bonds
1,312.710	**City of Chicago***	**IL**	**General Airport Senior Lien Revenue Bonds**
722.885	**Texas Transportation Commission****	**TX**	**General Obligation Mobility Fund & Refunding Bonds**
573.105	Univ. of Michigan	MI	General Revenue Bonds
550.000	Alden-Conger Indep. School Dist. No. 242	MN	General Obligation Aid Anticipation Certificates of Indebtedness
533.565	PA Economic Dev. Financing Auth.	PA	Private Activity Revenue Refunding Bonds (Tax-Exempt / Taxable)
439.455	PA Housing Finance Agency	PA	Single Family Mortgage Revenue Bonds (Non-AMT) (Social Bonds)
400.000	Texas Transportation Commission	TX	General Obligation Mobility Fund Put Bonds (Multiannual Mode)
376.925	St. Vrain Valley School Dist. No. RE-1J	CO	General Obligation Bonds
281.670	National Finance Auth.	NH	Special Revenue & Refunding Bonds (Bridgeland Water & Utility Dists.)
250.000	Univ. of Michigan	MI	General Revenue Bonds (Taxable)
217.150	MA Dev. Finance Agency	MA	Revenue Refunding Bonds (Tufts University)
206.650	Deschutes County Hospital Facility Auth.	OR	Hospital Revenue Bonds (St. Charles Health System)
197.255	Irvine Ranch Water Dist.	CA	Revenue Certificates of Participation
196.685	Capital Projects Finance Auth. of the State of Florida	FL	Housing Revenue Bonds (Tax-Exempt / Taxable)
191.900	City of Omaha Public Facilities Corp.	NE	Lease Revenue Bonds
187.470	State of Ohio	OH	Hospital Revenue Bonds (Premier Health Partners Obligated Group)
183.595	CO Housing & Finance Auth.	CO	Single Family Mortgage Bonds, Class I (Federally Taxable)
159.420	SF Redevelopment Successor Agency	CA	Tax Allocation & Refunding Bonds (Mission Bay South)
153.195	Premier Health Partners Obligated Group	OH	Taxable Hospital Revenue Bonds

*Cabrera will serve as Co-Senior

**Cabrera will serve as Co-Manager

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Economic Calendar (EST)

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	
7-Sep	**8-Sep**	**9-Sep**	**10-Sep**	**11-Sep**
	6:00 AM		8:30 AM	8:30 AM
No events scheduled	NFIB Index of Small Business Optimism	No events scheduled	Weekly jobless claims and PPI	Core CPI
	3:00 PM		10:00 AM	2:00 PM
	Consumer Credit		Monthly Wholesale Trade and Existing Home Sales	Monthly Treasury Balance

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