CABRERA CAPITAL MARKETS

Municipal Market Update

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Monday, September 21, 2026

Last week, the Federal Reserve's unanimous decision to raise the benchmark rate by 25 basis points took center stage. The move affirmed the Fed's political independence and its commitment to bringing down inflation. While the hike itself was largely priced in by markets, Chair Warsh's tone was more hawkish than expected, and the updated dot plot signaled additional hikes later this year. Bloomberg's Fed funds forecast still projects lower rates in 2027, but the path remains highly uncertain and largely depends on progress against inflation and the outlook for the war with Iran. The rate hike was followed by a broad selloff. Week over week, Treasury and MMD yields rose as much as 14 and 24 basis points, respectively, with losses concentrated at the front end of the curve while the long end saw slight gains. As a result, both the Treasury and MMD curves flattened. On Friday, the two-year MMD reached 3.01%, the first time it has exceeded 3% since April 2025. SIFMA moved in tandem, increasing 52 basis points to 3.22%. Meanwhile, ratios held steady, and attractive taxable-equivalent yields drew increased crossover buying from insurance companies, banks, and other institutions.

Technical factors remain soft as retail investors moved to the sidelines, pulling $1.8 billion from municipal bond mutual funds last week and breaking a 21-week inflow streak. Secondary-market bid-wanted lists continued to swell, surging to more than $11 billion, their highest level since April 2025, as investors raised cash to fund purchases of new municipal issuance.

This week, primary-market supply is expected to be heavy at approximately $14 billion as issuers return to market following the FOMC meeting. Two marquee negotiated deals exceed $1 billion. The three largest transactions on this week's calendar include:

- **$1.95 billion Hampton Roads PPV, LLC** Unaccompanied Housing Project Bonds
- **$1.47 billion California Community Choice Financing Authority** Clean Energy Project Revenue Bonds
- **$888.32 million Texas Water Development Board** SWIRFT Revenue Bonds

Interest Rate Snapshot

MMD 1-Week Change

Term	11-Sep	18-Sep	Change
2-Year	2.82%	3.01%	+19 bps
5-Year	3.15%	3.25%	+10 bps
10-Year	3.70%	3.75%	+5 bps
20-Year	4.54%	4.55%	+1 bps
30-Year	4.87%	4.87%	-

UST 1-Week Change

Term	11-Sep	18-Sep	Change
2-Year	4.63%	4.76%	+13 bps
5-Year	4.78%	4.86%	+8 bps
10-Year	4.96%	5.01%	+5 bps
20-Year	5.38%	5.38%	-
30-Year	5.35%	5.34%	-1 bps

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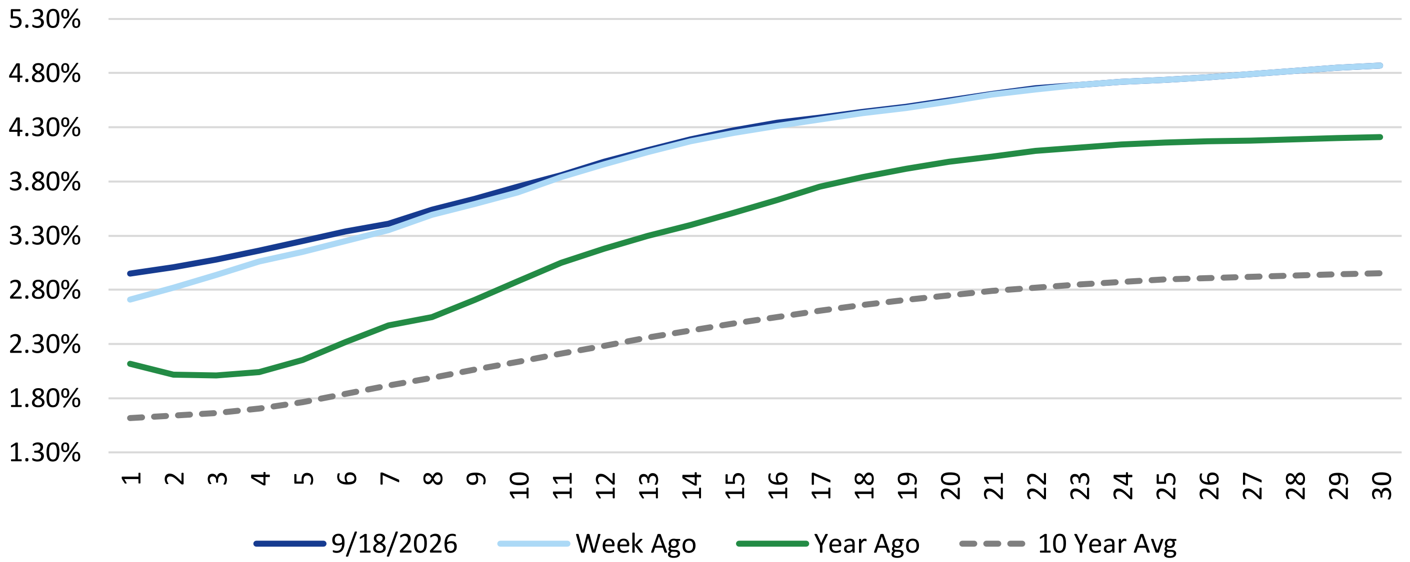
Notable Deals Last Week

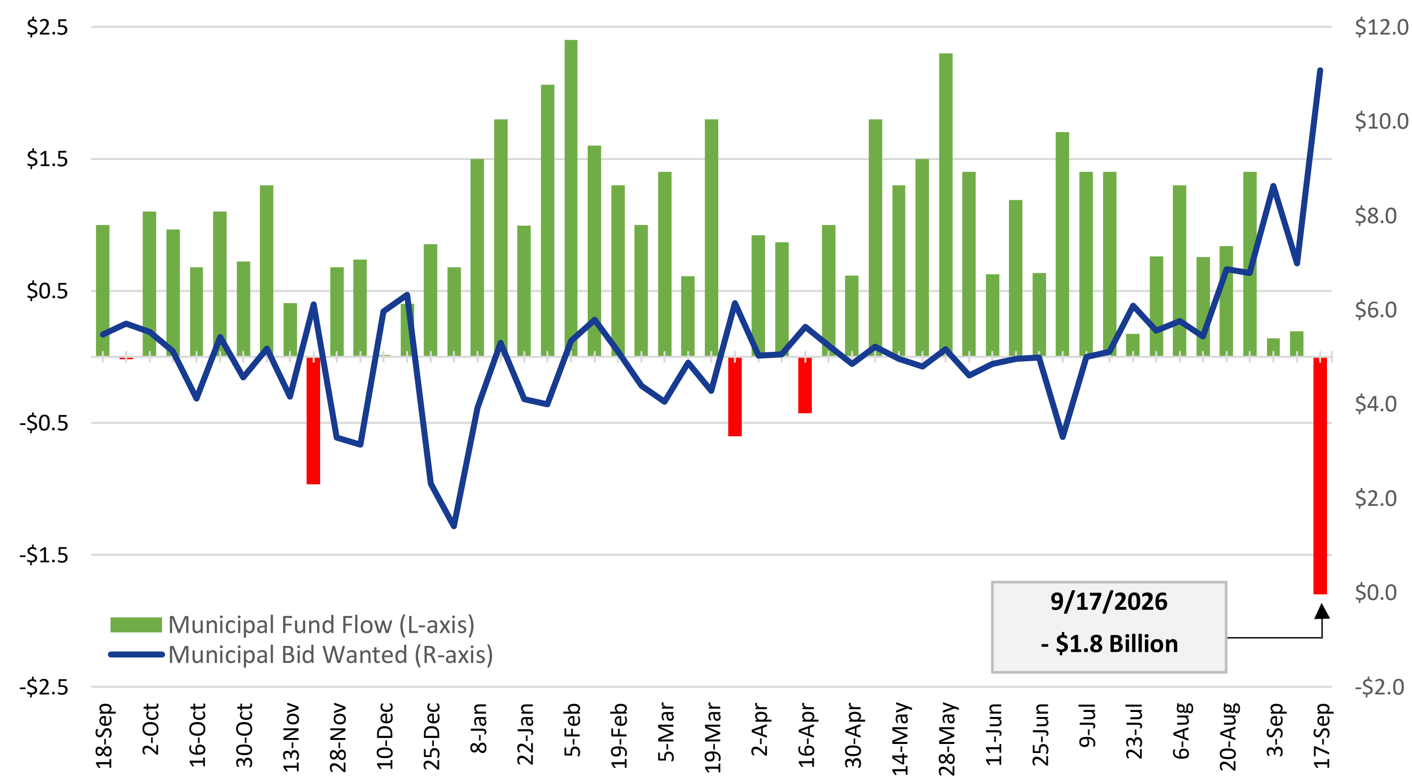
- **New York City Municipal Water Finance Authority (Aa1/AA+/AA+/NR) priced $292 million in Water and Sewer System Second General Resolution Revenue Bonds.** The retail order period was successful, with $448 million in orders. The deal accelerated into the institutional order period early. The deal had good results, with bumps of 2-7 basis points.
- **Hillsborough County, Florida (Aaa/AAA/AAA/NR) priced $630 million Tax-Exempt Utility Revenue Bonds.** The deal was structured out 30 years, utilizing both premium and discount structures. The deal had good subscription throughout and was bumped as much as 11 basis points.
- **New Jersey Transportation Trust Fund Authority (A1/A/A/A+) priced $1.7 billion in Transportation Program Bonds.** The deal was structured with maturities from 9-30 years, utilizing several maturities with discount structures. Spreads were widened as much as 5 basis points prior to entering the market. The deal did well, especially through 15 years, where bumps ranged from 1-5 basis points.
- **The Dormitory Authority of the State of New York (A3/A-/A-/NR) priced $750 million in Tax-Exempt Bonds for Northwell Health Obligated Group.** The deal was structured with 6-year, 10-year and 30-year maturities. Overall, the deal did well, but the 6-year maturity had to cheapen 5 basis points to get done. The 30-year maturity was bifurcated using 5% and 5.75% coupons. The spread differential was 12 basis points.

AAA MMD Curves



Municipal Fund Flows

Week 9/10/2026 – 9/17/2026 saw outflows of $1.8 billion **Source: Lipper, Bloomberg**



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Notable Fixed Rate New Issue Results from Last Week

New Jersey Transportation TFA	Hillsborough County	New York City Municipal Water Finance Authority
NJ	**FL**	**NY**
Optional call 12/15/36 @ 100.00	**Optional call 08/01/36 @ 100.00**	**Optional call 12/15/36 @ 100.00**
Tax-Exempt	**Tax-Exempt**	**Tax-Exempt**
$1,700,000,000	**$628,425,000**	**$291,440,000**
A1/A/A/A+	**Aaa/AAA/AAA/NR**	**Aa1/AA+/AA+/NR**

Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield
				2031	5.00	10	3.25				
				2032	5.00	14	3.38				
				2033	5.00	14	3.49	2033	5.00	17	3.52
				2034	5.00	15	3.63				
2035	5.00	39	3.95	2035	5.00	16	3.74				
2036	5.00	39	4.06	2036	5.00	11	3.80	2036	5.00	15	3.82
2037	5.00	41	4.22	2037	5.00	15	3.98	2037	5.00	16	3.97
2038	5.00	42	4.36	2038	5.00	14	4.09	2038	5.00	17	4.11
2039	5.00	46	4.50	2039	5.00	17	4.23				
2040	5.00	45	4.62	2040	5.00	17	4.34				
2041	5.00	48	4.73	2041	5.25	15	4.40				
2042	5.00	50	4.81	2042	5.25	20	4.51				
2043	5.00	50	4.87	2043	5.25	23	4.60				
2044	4.50	57	5.00	2044	5.25	22	4.65				
2045	5.25	45	4.93	2045	5.25	23	4.71				
2046	5.25	45	4.99	2046	5.25	22	4.76				
2047	5.25	45	5.05	2047	5.25	23	4.83	2047	5.00	26	4.86
2048	5.00	50	5.15	2048	5.25	25	4.90				
2049	5.25	45	5.14	2049	5.25	26	4.95				
2050				2050	5.25	28	5.00				
2051	5.00	46	5.20	2051	5.25	27	5.01				
2052											
2053											
2054	5.50	35	5.17								
2055											
2056	5.00	41	5.28	2056	5.00	23	5.10				
				2056	5.50	14	5.01				

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Upcoming Negotiated Calendar

Size ($mm)	Issuer	State	Description
1,949.070	Hampton Roads PPV, LLC	VA	Unaccompanied Housing Project Bonds
1,470.000	California Community Choice Financing Authority	CA	Clean Energy Project Revenue Bonds (Green Bonds)
888.320	Texas Water Development Board	TX	SWIRFT Revenue Bonds (Master Trust)
797.015	North Texas Tollway Authority	TX	First Tier and Second Tier System Revenue and Refunding Bonds
776.880	Metropolitan Government of Nashville and Davidson County	TN	Convention Center Tourism Tax Bonds
645.140	State of Texas	TX	General Obligation Water Financial Assistance Bonds
627.325	City of Chicago	IL	O'Hare Airport, General Airport Senior Lien Bonds
422.490	Mercy Health	MO	Missouri Health and Educational Facilities Authority Bonds
368.170	Macon-Bibb County Urban Development Authority	GA	Taxable Revenue Bonds
285.000	San Diego County Water Authority	CA	Water Revenue Bonds
279.110	Norfolk Airport Authority	VA	Airport Revenue Bonds, 2026a, 2026B (AMT)
255.810	Pennsylvania Turnpike Commission	PA	Turnpike Subordinate Revenue Refunding Bonds
216.455	Penn State Health	PA	Cumberland County Municipal Authority, Bonds
195.865	Timpanogos Special Service District	UT	Sewer Revenue Bonds
150.000	South Dakota Housing Development Authority	SD	Homeownership Mortgage Bonds (Non-Amt)
140.000	**Austin Independent School District***	**TX**	**Tax And Revenue Anticipation Notes**
118.005	New York State Mortgage Agency	NY	Homeowner Mortgage Revenue Bonds, Series 276 & 277 (AMT)
113.460	Port of Tacoma	WA	Revenue Refunding Bonds, Series 2026A, Series 2026B (AMT)
112.495	Maine State Housing Authority	ME	Mortgage Purchase Bonds
109.700	Depaul University	IL	Revenue Refunding Bonds

**Cabrera will serve as Senior Manager*

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Economic Calendar (ET)

Monday	Tuesday	Wednesday	Thursday	Friday
21-Sep	**22-Sep**	**23-Sep**	**24-Sep**	**25-Sep**
8:30 AM Chicago Fed. National Activity Index	8:15 AM ADP Weekly Employment Change	9:45 AM S&P Global U.S. Manufacturing, Services & Composite PMI	8:30 AM Initial Jobless Claims Continuing Claims	10:00 AM University of Michigan Consumer Sentiment
	10:00 AM Richmond Fed Manufacturing Index		10:00 AM New Home Sales	
28-Sep	**29-Sep**	**30-Sep**	**1-Oct**	**2-Oct**
10:30 AM Dallas Fed. Manufacturing Activity	10:00 AM Conf. Board Consumer Confidence	8:15 AM ADP Employment Change	8:30 AM Initial Jobless Claims Continuing Claims	8:30 AM Change in Nonfarm Payrolls Unemployment Rate
	10:00 AM JOLTS Job Openings	8:30 AM ***PCE Index*** ***GDP Index***	10:00 AM S&P Global U.S. Manufacturing PMI	

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