CABRERA CAPITAL MARKETS

Municipal Market Update

Public Finance
Tom Rasmussen
Head of Capital Markets & Public Finance
(646) 914-8928
trasmussen@cabreracapital.com

Underwriting
Merita Kulpinski
Director – Lead Municipal Underwriter
(312) 931-6654
mkulpinski@cabreracapital.com

Monday, September 28, 2026

Municipals extended their selloff last week underperforming Treasuries as a volatile rate backdrop collided with a less favorable seasonal technical environment. Through the summer, steady fund inflows and reinvestment dollars kept municipals resilient despite the geopolitical and economic headlines driving swings in Treasuries. With that support now fading, the AAA MMD scale was cut in every session, with the heaviest pressure inside ten years. Treasuries were whipsawed by energy prices and developments in the conflict with Iran, opening the week stronger as oil fell on hopes of a diplomatic resolution before reversing as oil prices climbed. The sharpest move came Wednesday, when a higher-than-expected PMI release, hawkish FedSpeak reinforcing expectations for another hike at the next FOMC meeting, and a weak 5-year auction pushed the 10-year Treasury yield roughly 15 basis points higher to 5.12%. On the week, MMD yields rose 45, 30, and 18 basis points in 2, 10, and 30 years, respectively, with the 2-year closing at 3.46%, a new 2026 high. Treasury yields rose a more modest 5 to 16 basis points across the curve, leaving municipal-to-Treasury ratios meaningfully cheaper, with the 2-year and 10-year ratios near 72% and 78%, respectively.

Selling pressure in the secondary market remained intense, with daily bids-wanted climbing to $3.4 billion on Wednesday, the highest level since the pandemic, as customer sales and tax-loss swaps weighed on dealer balance sheets. The weakness carried into the primary market, where several issuers downsized their offerings. Chicago O’Hare reduced its deal from over $1 billion to approximately $500 million, while Pennsylvania Turnpike downsized from $450 million to $163 million. Fund flows stabilized somewhat, with Lipper reporting inflows of $633 million following the prior week’s $1.8 billion outflow.

This week, primary-market supply is expected to be lighter at approximately $11 billion heading into quarter-end. Cabrera will serve as Co-Manager on the Sales Tax Securitization Corporation’s $460 million issue. The three largest transactions on this week’s calendar include:

- **$1.805 billion Municipal Improvement Corporation of Los Angeles** Lease Revenue Bonds (Los Angeles Convention Center)
- **$1.490 billion California Community Choice Financing Authority** Clean Energy Project Revenue Bonds
- **$678 million Los Angeles Department of Water & Power** Power System Revenue Bonds

Interest Rate Snapshot

MMD 1-Week Change			
Term	**18-Sep**	**25-Sep**	**Change**
2-Year	3.01%	3.46%	+45 bps
5-Year	3.25%	3.66%	+41 bps
10-Year	3.75%	4.05%	+30 bps
20-Year	4.55%	4.78%	+23 bps
30-Year	4.87%	5.05%	+18 bps

UST 1-Week Change			
Term	**18-Sep**	**25-Sep**	**Change**
2-Year	4.76%	4.81%	+5 bps
5-Year	4.86%	4.98%	+12 bps
10-Year	5.01%	5.17%	+16 bps
20-Year	5.38%	5.54%	+16 bps
30-Year	5.34%	5.49%	+15 bps

Notable Deals Last Week

Cabrera's Deals

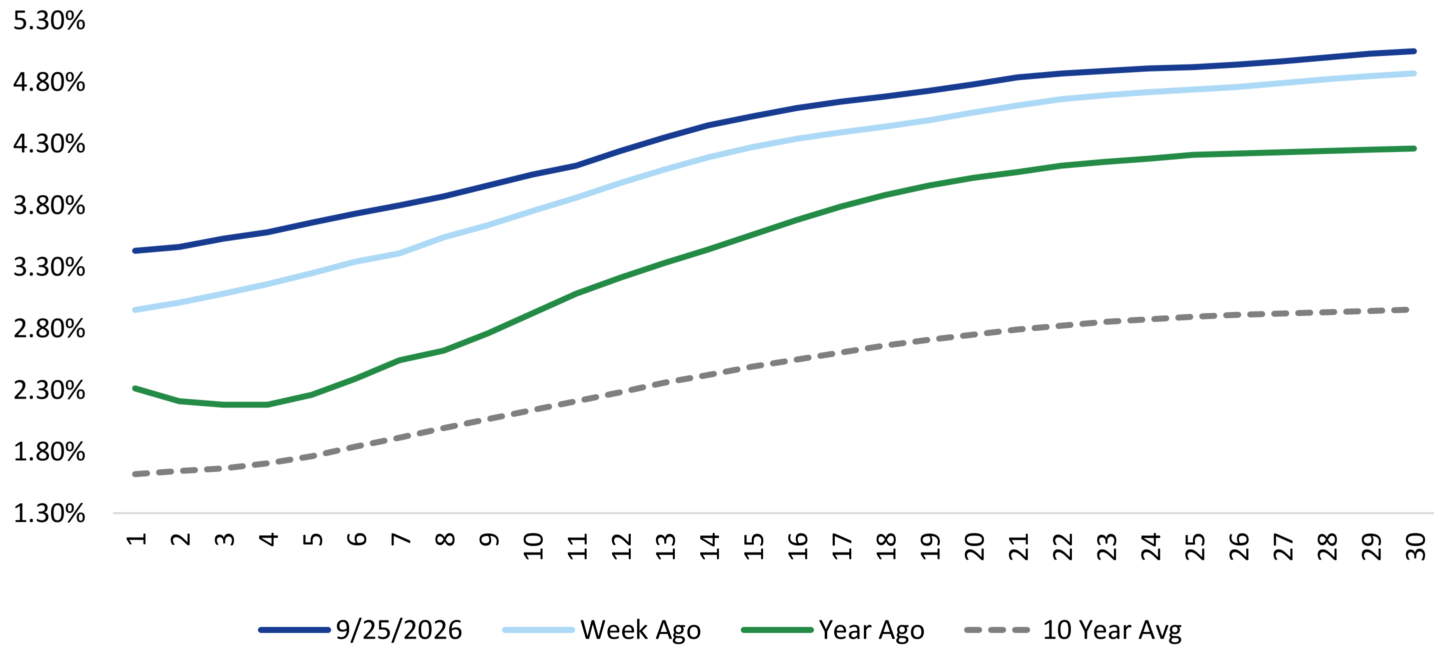
- **Austin Independent School District, Texas (MIG 1/NR/NR/NR) (Cabrera Senior Manager) priced $139 million Tax and Revenue Anticipation Notes.** The transaction was structured as 4-month maturity. The short end of the market had been under pressure for the last week, and spreads were widened by 5 basis points before entering the market. The book was 2.1x from 12 different accounts. The yield was unchanged at final pricing.
- **Metropolitan Pier and Exposition Authority, Illinois (NR/A+/BBB+/AA-)** priced $65 million McCormick Place Expansion Project Refunding Bonds. The deal was structured 2035-2039 with a mix of Make Whole calls and a 10-year call. The deal struggled amid market weakness and was cheapened 12-15 basis points.

Other Notable Deals

- **City of Chicago, Illinois Chicago O'Hare International Airport (NR/A+/A+/A+) priced $520 million in General Aiport Revenue Bonds.** The deal had mixed results, with the 10-year area of the curve bumping 1-2 basis points, while the long end had to get cheaper by 2-4 basis points.
- **San Diego Water Authority Financing Agency, California (Aa2/NR/AA+/NR) priced $285 million Tax-Exempt Water Revenue Bonds**. The deal was structured with an amortization of 1-30 years. The deal was oversubscribed throughout the curve with bumps ranging from 2-9 basis points.
- **Texas Water Development Board (NR/AAA/AAA/NR) priced State Water Implementation Revenue Fund.** The deal widened spreads 2-5 basis points through 5 years after premarketing. The short end of the deal continued to struggle during the institutional order period, and yields were cut 2-5 basis points, while the long end was oversubscribed and bumped 7-10 basis points.

CABRERA CAPITAL MARKETS

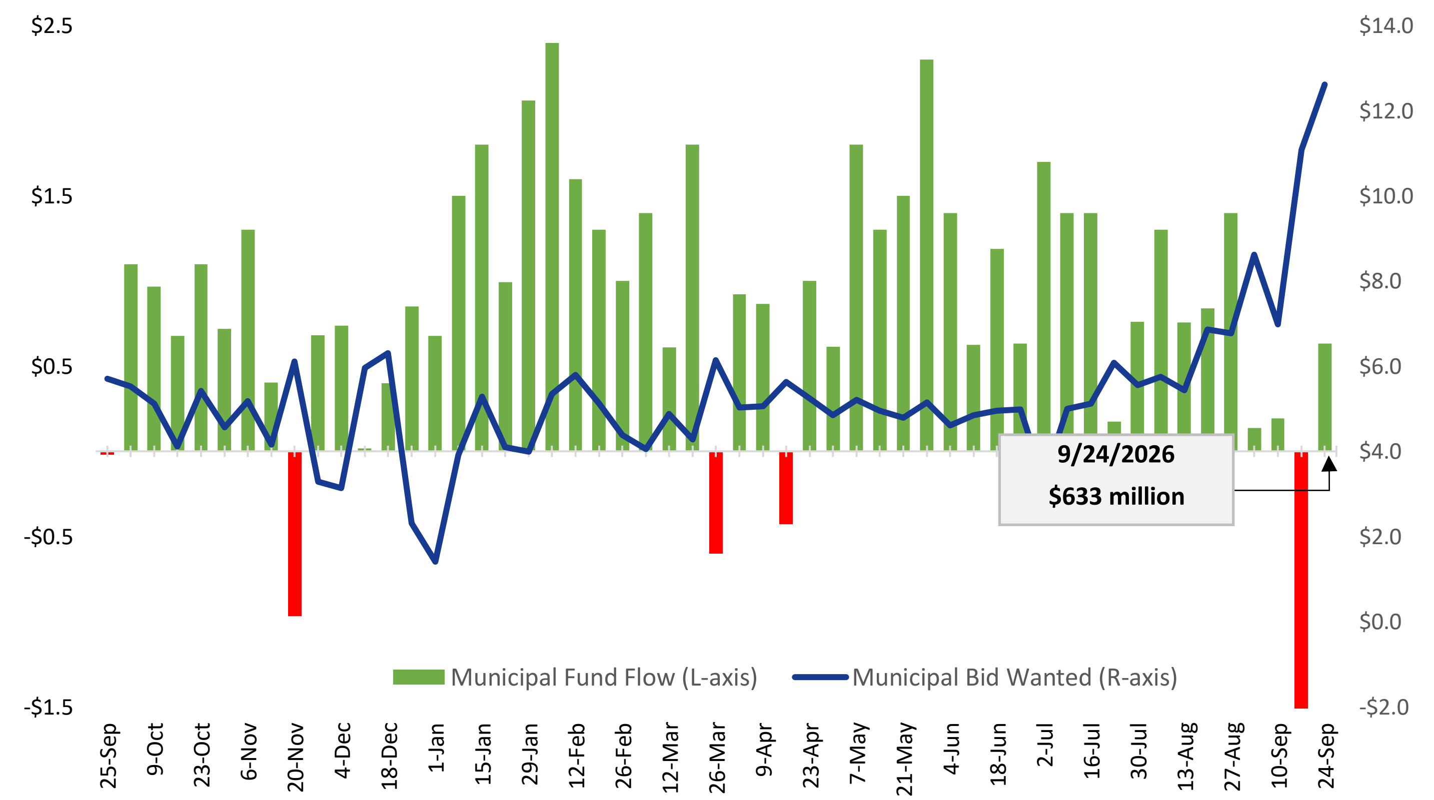
AAA MMD Curves



Municipal Fund Flows

Week 9/18/2026 – 9/24/2026 saw inflows of $633 million

Source: Lipper, Bloomberg



CABRERA CAPITAL MARKETS

Notable Fixed Rate New Issue Results from Last Week

Austin Independent School District

TX

Tax-Exempt

$139,855,000

MIG 1/NR/NR/NR

Cabrera served as Senior Manager

Maturity	Coupon	Spread	Yield
2027	5.00	32	3.50

Metropolitan Pier and Exposition Authority

IL

Optional call 12/15/36 @ 100.00

Except 12/15/35 and 12/15/36; Make Whole Call

Tax-Exempt

$65,360,000

NR/A+/BBB+/AA-

Cabrera served as Co-Manager

Maturity	Coupon	Spread	Yield
2035	5.00	70	4.46
2036	5.00	72	4.60
2037	5.00	77	4.74
2038	5.00	79	4.87
2039	5.00	79	4.98

San Diego County Water Authority Financing Agency

CA

Optional call 05/01/36 @ 100.00

Tax-Exempt

$285,000,000

Aa2/NR/AA+/NR

Maturity	Coupon	Spread	Yield
2027	5.00	(15)	2.83
2028	5.00	(12)	2.91
2029	5.00	(12)	2.98
2030	5.00	(16)	3.01
2031	5.00	(16)	3.13
2032	5.00	(16)	3.20
2033	5.00	(16)	3.30
2034	5.00	(12)	3.39
2035	5.00	(12)	3.48
2036	5.00	(17)	3.54
2037	5.00	(15)	3.68
2038	5.00	(13)	3.83
2039	5.00	(10)	3.95
2040	5.00	(12)	4.07
2041	5.00	(9)	4.18
2042	5.00	(4)	4.30
2043	5.00	(2)	4.37
2044	5.00	0	4.44
2045	5.00	0	4.49
2046	5.00	0	4.55
2047	5.00	0	4.61
2048	5.00	0	4.66
2051	5.25	(7)	4.67
2056	5.25	(7)	4.80

CABRERA CAPITAL MARKETS

Upcoming Negotiated Calendar

Size ($mm)	Issuer	State	Description
1,805.275	Municipal Improvement Corp. of Los Angeles	CA	Lease Revenue Bonds (Los Angeles Convention Center)
1,696.410	New Jersey Transportation Trust Fund Auth.	NJ	Transportation Program Bonds
1,490.000	California Community Choice Financing Auth.	CA	Clean Energy Project Revenue Bonds (Green Bonds)
678.280	Los Angeles Dept. of Water & Power	CA	Power System Revenue Bonds
480.735	Michigan State Housing Dev. Auth.	MI	Single-Family Mortgage Revenue Bonds (Non-AMT)
470.730	California Health Facilities Financing Auth.	CA	Revenue Bonds (Stanford Health Care)
452.885	**Chicago Sales Tax Securitization Corp.***	**IL**	**Third Lien Sales Tax Securitization Refunding Bonds**
450.170	State Public School Building Auth.	PA	School Lease Revenue Refunding Bonds (School Dist. of Philadelphia)
350.000	North Carolina Housing Finance Agency	NC	Home Ownership Revenue Bonds (Non-AMT)
325.000	Missouri Housing Dev. Commission	MO	Single Family Mortgage Revenue Bonds (Non-AMT)
214.430	Polk County	FL	Utility System Revenue Bonds
210.000	Waste Management, Inc.	PA, IL, IN	Project Put Bond Remarketings
200.900	Public Finance Auth.	WI	Student Housing Revenue Bonds (AHPC-Lapis Student Housing Project)
199.760	Spring Branch Indep. School Dist.	TX	Unlimited Tax Schoolhouse Bonds
184.103	Public Finance Auth.	WI	Multifamily Housing Revenue Bonds
161.325	Regents of the Univ. of Colorado	CO	University Enterprise Revenue & Refunding Revenue Bonds (Tax-Exempt / Taxable)
159.510	Virginia Housing Dev. Auth.	VA	Commonwealth Mortgage Bonds (Taxable)
158.450	Riverside County	CA	General Fund Teeter Plan Funding Notes
133.855	Indiana Housing & Community Dev. Auth.	IN	Single Family Mortgage Revenue Bonds (Non-AMT)
115.385	Waste Management, Inc.	PA	Project Put Bond Remarketings

**Cabrera will serve as Co-Manager*

CABRERA CAPITAL MARKETS

Economic Calendar (ET)

Monday	Tuesday	Wednesday	Thursday	Friday
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	
5-Oct	**6-Oct**	**7-Oct**	**8-Oct**	**9-Oct**
9:45 AM US Services PMI	8:30 AM U.S. Trade Balance	2:00 PM Federal Open Market Committee meeting minutes	8:30 AM Weekly Jobless Claims	9:30 AM FRB Kansas City President Jeffrey Schmid speaks at Kansas City Economic Outlook event
10:00 AM ISM Report On Business Services PMI	6:00 PM FRB Dallas President Lorie Logan participates in Global Perspectives event	3:00 PM Consumer Credit	10:00 AM Monthly Wholesale Trade	10:00 AM U. Michigan Prelim Consumer Survey