



**CABRERA CAPITAL
MARKETS**

MUNICIPAL MARKET UPDATE

Public Finance

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Following several weeks of negotiation, Congress passed, and the President signed the “One Big Beautiful Bill” (“BBB”), preserving municipal tax exemption and enacting several changes relevant to the public finance sector:

- Spaceports can now be financed with tax-exempt debt
- Lowers the minimum PAB requirement for financing Low-Income Housing Tax Credit (LIHTC) from 50% to 25%
- Made changes to the Qualified Small Issue Bond rules allowing for R&D expenses to qualify for tax-exempt financing

Despite a shortened week, Municipal LIPPER reached an 8-week high last week with total inflows of \$959 million, and MMD significantly overperformed Treasuries. Supply is expected to reach \$10.8 billion this week, and the estimated reinvestment remains near its peak at \$52.89 billion before dropping again to \$27.6 billion in September. Cabrera Capital will serve as Lead Manager on a \$495 million Mesquite ISD (Texas) transaction this week. The labor market sent mixed signals last week, with the ADP Employment Report indicating a loss of 33,000 private-sector jobs, while the non-farm payrolls reported a gain of 233,000 jobs. Despite the discrepancy, equity markets responded positively, with the S&P 500 rising 1.21%.

The municipal curve continued to steepen due to moderate bumps in the short to medium range of the curve. The Treasury curve saw a significant increase to the short and medium end of the curve due to fears of high levels of deficit spending, along with persistent inflationary fears. The SIFMA municipal swap index reset to 1.62% from 1.92% the previous week.

INTEREST RATE SNAPSHOT

MMD 1-Week Change				UST 1-Week Change			
Term	27-June	3-July	Change (BPs)	Term	27-June	3-July	Change (BPs)
2-Year	2.59%	2.53%	-6	2-Year	3.73%	3.88%	+15
5-Year	2.68%	2.61%	-7	5-Year	3.83%	3.94%	+11
10-Year	3.28%	3.23%	-5	10-Year	4.29%	4.35%	+6
20-Year	4.30%	4.30%	-	20-Year	4.85%	4.87%	+2
30-Year	4.54%	4.54%	-	30-Year	4.85%	4.86%	+1

Approximately \$13.5B of municipal bonds are expected to price next week, up from \$3.5 billion last week. Cabrera will be pricing the 5th largest negotiated deal this week, Mesquite ISD's \$496.57 million issuance. The firm will also be serving as co-manager on three transactions with a total par of \$2.67 billion. This week's largest deals include the following:

- \$1.613 billion Trustees of California State University Systemwide Revenue Bonds, Series 2025A (Aa2/AA-/NR/NR)*
- \$834.2 million Public Energy Authority of Kentucky Gas Supply Revenue Bonds, 2025 Series B (Baa2/NR/NR/NR)
- \$653.5 million Washington Metropolitan Area Transport Authority Second Lien Dedicated Revenue Bonds, Series 2025A (NR/AA/NR/AA)

* Cabrera co-manager



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NOTABLE DEALS LAST WEEK

- Los Angeles Unified School District priced \$308 million Taxable Judgment Obligation Bonds (Aa3/NR/AA-/NR). Through 2030, the bonds were oversubscribed and tightened as much as 5 basis points. The 2031-2036 maturities struggled, and spreads were widened 2-5 basis points.
- Massachusetts Bay Transportation Authority (NR/AA+/AAA/AAA) priced \$978 million of Senior Sales Tax Bonds. The deal accelerated from the retail order period to the institutional order period on Tuesday, one day earlier than expected. The deal did well, especially through 25 years, where bumps ranged from 2-6 basis points throughout the curve on repricing.
- University of Cincinnati (Aa3/AA-/NR/NR) priced a \$158mm Tax-Exempt and \$41mm Taxable General Receipts bonds. The Tax-Exempt issue was structured 2039-2049 and was oversubscribed throughout. Yields were lowered 3-9 basis points. The Taxable series was structured 2032-2039. Demand was strong, and spreads were tightened 5-10 basis points.



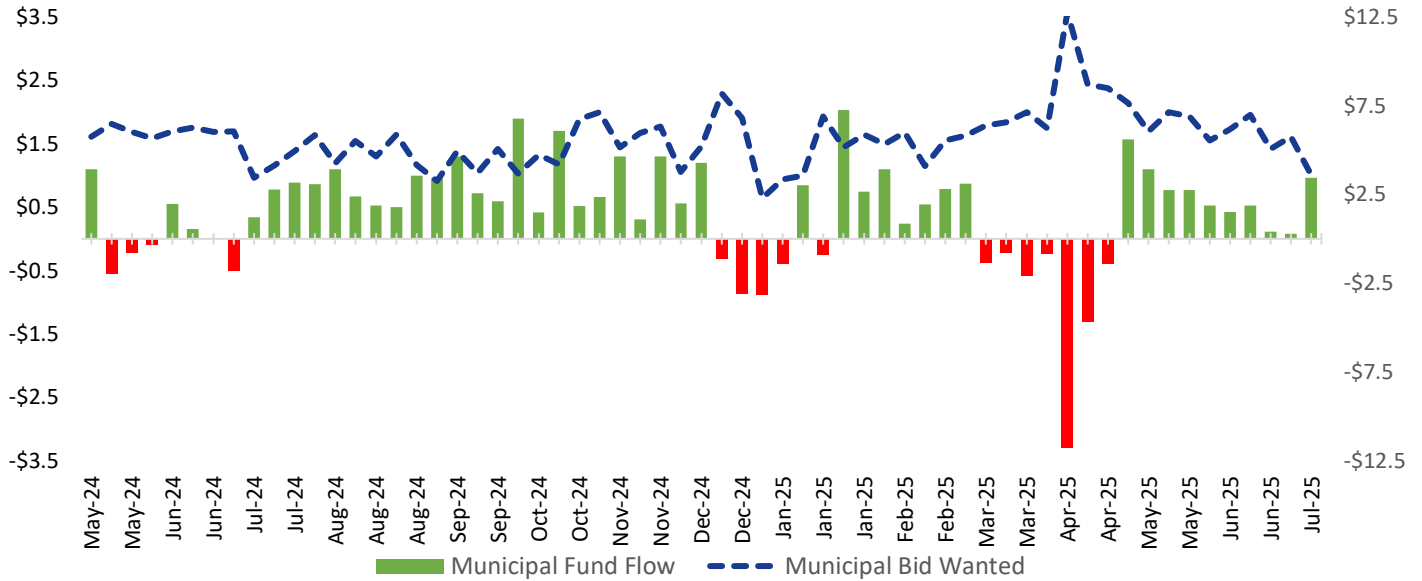


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MUNICIPAL FUND FLOWS

Week 6/30/2025 – 7/3/2025 saw inflows of \$959 million

Source: Lipper, Bloomberg



UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
1,727.340	Trustees of the California State University*	CA	Systemwide Revenue Bonds (Tax-Exempt and Taxable)
834.220	Public Energy Authority of Kentucky	KY	Gas Supply Revenue Bonds
653.500	Washington Metropolitan Area Transit Authority*	DC	Second Lien Dedicated Revenue Bonds
590.865	Spring Independent School District	TX	Unlimited Tax School Building and Refunding Bonds
496.565	Mesquite Independent School District**	TX	Unlimited Tax School Building and Refunding Bonds
427.890	Southern California Public Power Authority	CA	Southern Transmission System Renewal Project Revenue Bonds
398.820	Waller Independent School District	TX	Unlimited Tax School Building Bonds
384.600	San Angelo Independent School District	TX	Unlimited Tax School Building Bonds
300.000	Texas Public Finance Authority	TX	General Obligation Refunding Bonds (Taxable)
250.030	Massachusetts Developmental Finance Agency	MA	Senior Living Revenue Bonds
238.960	Miami Beach Redevelopment Agency	FL	Tax Increment Revenue Refunding Bonds
229.850	Collin County*	TX	Limited Tax Permanent Improvement and Refunding Bonds
227.700	Pinal County	AZ	Pledged Revenue Obligations
226.290	Sherman Independent School District	TX	Unlimited Tax School Building Bonds
223.995	Hampton Roads Sanitation District	VA	Subordinate Wastewater Revenue Bonds
222.625	Lubbock Independent School District	TX	Unlimited Tax School Building Bonds
204.210	Clear Creek Independent School District	TX	Unlimited Tax School Building and Refunding Bonds
194.790	Denton Independent School District	TX	Variable Rate Unlimited Tax School Building Bonds

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**Cabrera senior manager



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NOTABLE FIXED-RATE NEW ISSUE RESULTS FROM LAST WEEK

Notable Fixed-Rate Negotiated Municipal New Issue Results from Last Week

Los Angeles Unified School District CA				Massachusetts Bay Transportation Authority MA				University of Cincinnati OH			
Call date 10/1/2035 Taxable 308.150 Aa3/AA- (Moody's/Fitch)				Call Date 7/1/2035 Tax-Exempt 978.310 AA+/AAA (S&P/Fitch)				Call date 6/1/2035 Taxable 41.620 Aa3/AA- (Moody's/S&P)			
Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
2026	4.233	4.233	45	2029-2046	5.000	2.580-4.560	3-21	2032	4.628	4.628	60
2027	4.213	4.213	43	2047	5.250	4.560	17	2033	4.755	4.755	50
2028	4.252	4.252	50	2050	5.000	4.690	22	2034	4.905	4.905	65
2029	4.347	4.347	50	2050	5.250	4.670	20	2035	5.005	5.005	75
2030	4.477	4.477	63	2055	4.750	4.900	36	2036	5.105	5.105	85
2031	4.651	4.651	62	2055	5.000	4.790	25	2037	5.255	5.255	100
2032	4.781	4.781	75	2055	5.250	4.740	20	2038	5.355	5.355	110
2033	4.955	4.955	70					2039	5.405	5.405	115
2034	5.055	5.055	80								
2035	5.105	5.105	85								
2036	5.175	5.175	92								
2037	5.255	5.255	100								
2038	5.325	5.325	107								
2039	5.405	5.405	115								
2040	5.455	5.455	120								

ECONOMIC CALENDAR (ALL TIMES IN ET)

Monday	Tuesday	Wednesday	Thursday	Friday
7-Jul	8-Jul	9-Jul	10-Jul	11-Jul
	6:00 AM	10:00 AM	8:30 AM	2:00 PM
	NFIB optimism index	Wholesale inventories	Initial jobless claims	Monthly U.S. federal budget
	3:00 PM	2:00 PM		
	Consumer credit	Minutes of Fed's May FOMC meeting		
14-Jul	15-Jul	16-Jul	17-Jul	18-Jul
	8:30 AM	8:30 AM	8:30 AM	8:30 AM
	CPI	PPI	Retail Sales Advance MoM	Housing Starts
			8:30 AM	10:00 AM
			Business Inventories	U of Mich Consumer Sentiment

