



CABRERA CAPITAL
MARKETS

Municipal Market Update

Public Finance

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Municipals saw a volatile week, as yields weakened through midweek amid geopolitical headlines and a heavy new-issue calendar before a Friday rally saw the AAA MMD scale to improve by 12bps across the curve. Treasuries were pressured by ongoing Iranian attacks on shipping in the Strait of Hormuz and higher energy prices, though well-received 10-year and 30-year treasury auctions that priced through prevailing rates helped place a ceiling on yields. Markets are pricing-in three Fed rate hikes through 2027, beginning at the December 9th meeting. Municipal funds reported \$1.1 billion of inflows as the market absorbed roughly \$16 billion of supply. On the week, MMD yields fell 8bps in 2-years and 3bps in 5-years, but rose 1 and 5bps in 10 and 30 years, respectively. Treasury yields were lower 2 to 4bps across the curve, leaving the 2-year and 10-year municipal-to-Treasury ratios near 69% and 76%, respectively.

This holiday-shortened week, primary-market supply is expected to decline to approximately \$8.7 billion, with \$6.2 billion negotiated and \$2.5 billion competitive. Cabrera will serve as Co-Manager on the City of New York's \$1.5 billion taxable, New Jersey Economic Development Authority's \$701 million, City of Bridgeport's \$161 million, and City of Garland's \$72 million issues. The three largest negotiated transactions this week include:

- **\$1.5 billion City of New York** General Obligation Bonds, Fiscal 2027 Series G (Taxable)
- **\$701.3 million New Jersey Economic Development Authority** School Facilities Construction Refunding Bonds (Tax-Exempt & Taxable)
- **\$425.2 million Maryland Health and Higher Educational Facilities Authority** Revenue Bonds (University of Maryland Medical System Issue), Series 2026A

Interest Rate Snapshot

MMD 1-Week Change			
Term	2-Oct	9-Oct	Change
2-Year	3.38%	3.30%	-8 bps
5-Year	3.56%	3.53%	-3 bps
10-Year	3.97%	3.98%	+1 bp
20-Year	4.76%	4.85%	+9 bps
30-Year	5.07%	5.12%	+5 bps

UST 1-Week Change			
Term	2-Oct	9-Oct	Change
2-Year	4.83%	4.80%	-3 bps
5-Year	5.06%	5.02%	-4 bps
10-Year	5.28%	5.24%	-4 bps
20-Year	5.67%	5.65%	-2 bps
30-Year	5.63%	5.60%	-3 bps



Notable Deals Last Week

Cabrera's Deals

- **The State of California (Aa2/AA-/AA-/NR) (Cabrera Co-Manager) priced \$1.7 billion Tax-Exempt Various Purpose General Obligation and Refunding Bonds.** The deal drew \$1.16 billion of retail orders and was bumped 1-5 basis points into the verbal award. The bifurcated 5s of 2054 priced at 5.12%, while the 5.5s priced 11 basis points better at 5.01%.
- **The City of New York (Aa2/AA/AA/AA+) (Cabrera Co-Manager) priced \$2.04 billion Tax-Exempt and Taxable General Obligation Bonds, Fiscal 2027 Series D, E and F.** Despite roughly \$800 million of retail interest, spreads were widened as much as 10 basis points amid pressured institutional demand before tightening up to 5 basis points in final pricing.
- **The State of Connecticut (Aa2/AA-/AA/AA+) (Cabrera Co-Manager) priced \$1.44 billion Tax-Exempt, Taxable and Forward Delivery General Obligation Bonds.** The deal accelerated pricing into Tuesday. Tax-exempt bonds were bumped 3-7 basis points, while the taxable 2036 maturity priced at +47 basis points to the 10-year Treasury at 5.756%. The \$134 million forward delivery bonds, approximately 2.8 months forward for delivery on January 20, 2027, carried a forward penalty of 4-6.5 basis points per month.
- **City of San Antonio Electric and Gas Systems (CPS Energy), Texas (Aa2/AA-/AA-/NR) (Cabrera Co-Manager) priced \$436 million Tax-Exempt Revenue and Refunding Bonds, New Series 2026C.** The transaction was structured through 2047. Spreads were widened as much as 7 basis points from premarketing levels. The deal was oversubscribed throughout and bumped 3-10 basis points.
- **Illinois Housing Development Authority (Aaa/NR/NR/NR) priced \$200 million Tax-Exempt and Taxable Social Bonds, 2026 Series J and K.** Given rate uncertainty, Series J yields were moved higher by 5-10 basis points, with the 2056 maturity at 4.69%. Taxable Series K was bumped 2-3 basis points on the short end, with the 2056 maturity at +78 basis points at 5.84%.

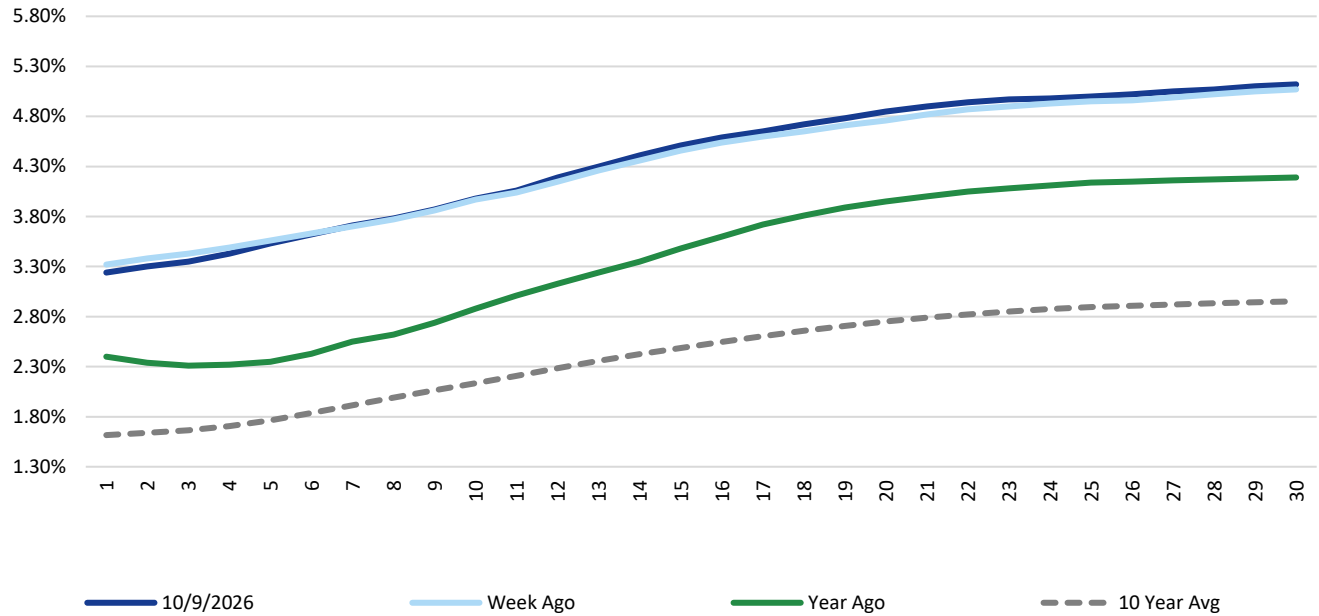
Other Notable Deals

- **San Diego Unified School District, California (Aa2/NR/AAA/AAA) priced \$795 million Tax-Exempt and Taxable General Obligation Bonds.** Supported by retail demand, yields were bumped 1-4 basis points in 2034-2043 and 2 basis points in 2056. The 5s of 2056 priced at 5.16%, while the 5.5s priced at 5.11%.
- **The City of Philadelphia, Pennsylvania (A1/A+/NR/NR) priced \$486 million Tax-Exempt General Obligation Bonds, Series 2026.** Strong short-end demand lowered yields 1-8 basis points in 2027-2039, while 2043-2046 widened 1-3 basis points. The 5.25s of 2046 priced at +39 basis points at 5.20%.
- **College of the Mainland, Texas (Aa3/AA-/NR/NR) priced \$247 million Tax-Exempt Limited Tax General Obligation and Refunding Bonds, Series 2026.** Given rate volatility, spreads were widened 5-11 basis points into preliminary pricing before improving 2-5 basis points in final pricing. The 6s of 2056 priced at +43 basis points at 5.60%.



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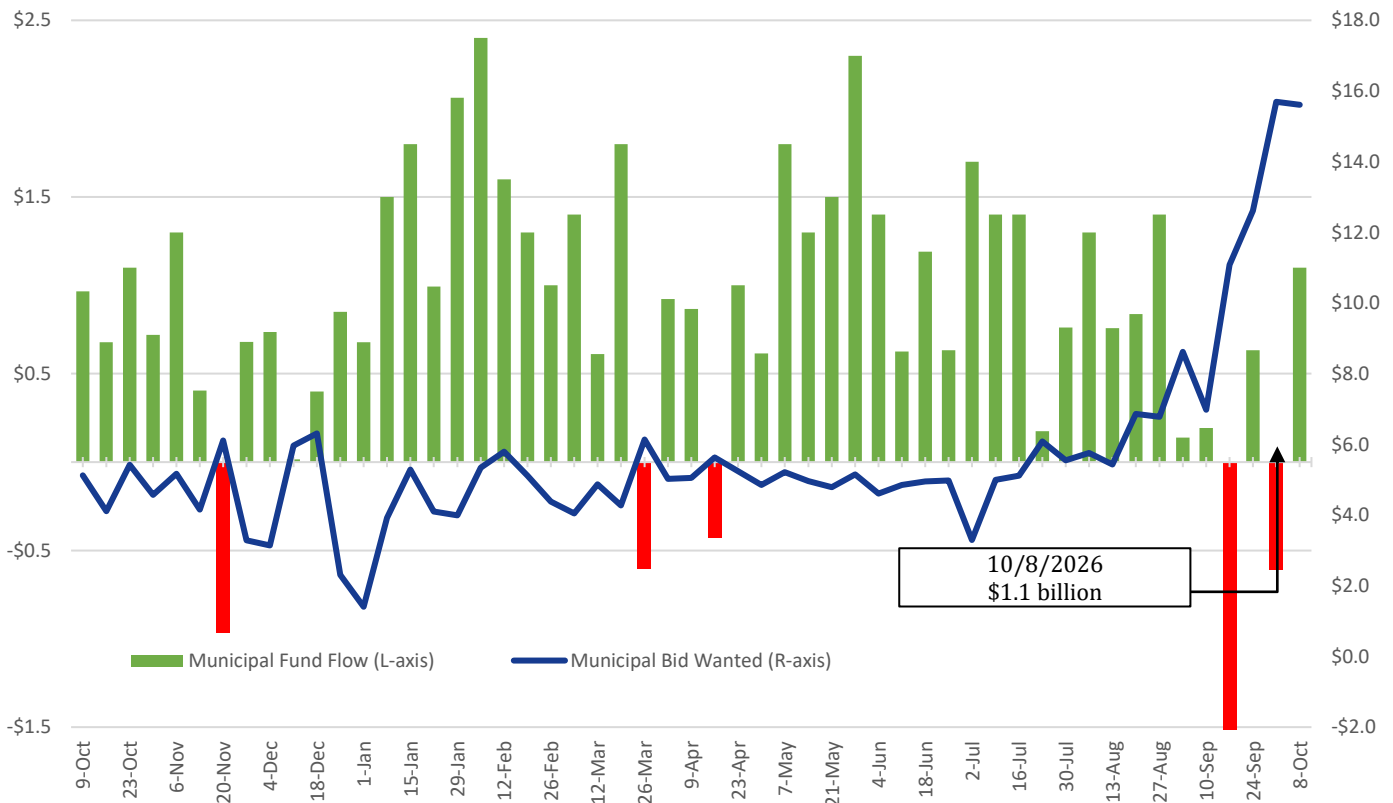
AAA MMD Curves



Municipal Fund Flows

Week 10/01/2026 – 10/08/2026 saw inflows of \$1.1 billion

Source: Lipper, Bloomberg



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Notable Fixed Rate New Issue Results from Last Week

The City of New York				City of San Antonio Electric and Gas Systems				State of Connecticut			
NY				TX				CT			
Optional call 02/01/37 @ 100.00				Optional call 02/01/37 @ 100.00				Optional call 10/15/35 @ 100.00			
Tax-Exempt				Tax-Exempt				Tax-Exempt			
\$1,500,000,000				\$436,045,000				\$800,000,000			
Aa2/AA/AA/AA+				Aa2/AA-/AA-/NR				Aa2/AA-/AA/AA+			
<i>Cabrera served as Co-Manager</i>				<i>Cabrera served as Co-Manager</i>				<i>Cabrera served as Co-Manager</i>			
Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield
2028	5.00	17	3.55	2028	5.00	10	3.47	2027	5.00	12	3.44
2029	5.00	28	3.71	2029	5.00	14	3.54	2028	5.00	17	3.55
2030	5.00	40	3.88	2030	5.00	17	3.62	2029	5.00	19	3.62
2031	5.00	40	3.96	2031	5.00	19	3.72	2030	5.00	21	3.70
2032	5.00	45	4.07	2032	5.00	21	3.80	2031	5.00	21	3.78
2033	5.00	47	4.17	2033	5.00	22	3.91	2032	5.00	21	3.86
2034	5.00	48	4.24	2034	5.00	25	3.97	2033	5.00	20	3.93
2035	5.00	48	4.33	2035	5.00	25	4.06	2034	5.00	20	4.00
2036	5.00	42	4.37	2036	5.00	25	4.16	2035	5.00	19	4.08
2037	5.00	45	4.47	2037	5.00	27	4.26	2036	5.00	17	4.17
2038	5.00	42	4.58	2038	5.00	30	4.43	2037	5.25	17	4.24
2039	5.25	40	4.67	2039	5.00	31	4.53	2038	5.25	17	4.37
2040	5.25	41	4.80	2040	5.00	30	4.69	2039	5.25	17	4.48
2041	5.25	42	4.91	2041	5.25	26	4.75	2040	5.25	17	4.59
2042	5.25	45	5.02	2042	5.25	28	4.85	2041	5.25	19	4.71
2043	5.50	43	5.06	2043	5.25	30	4.93	2042	5.50	19	4.79
2044	5.50	43	5.12	2044	5.25	30	4.99	2043	5.50	20	4.86
2045	5.50	43	5.18	2045	5.25	28	5.03	2044	5.50	19	4.91
2046	5.00	43.5	5.245	2046	5.25	25	5.06	2045	5.50	19	4.97
2047	5.50	45	5.32	2047	5.25	24	5.11	2046	5.50	17	5.02
2048	5.50	45	5.37					2046	5.00	24	5.09
2051	5.75	43	5.43								
2055	5.25	41.9	5.529								



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Upcoming Negotiated Calendar

Size (\$mm)	Issuer	State	Description
1,500.000	The City of New York*	NY	General Obligation Bonds (Taxable)
701.260	NJ Economic Dev. Auth.*	NJ	School Facilities Construction Refunding Bonds (Taxable)
425.230	MD Health & Higher Educational Facilities Auth.	MD	Revenue Bonds (Univ. of Maryland Medical System)
344.310	MO Health & Educational Facilities Auth.	MO	Health Facilities Revenue Bonds
303.110	Industrial Dev. Auth. of the City of Alexandria	VA	Residential Care Facility Revenue Bonds
250.000	TX Dept. of Housing & Community Affairs	TX	Residential Mortgage Revenue Bonds
165.000	California Pollution Control Financing Auth.	CA	Quarterly Remarketings (Republic Services, Inc. Project)
160.870	City of Bridgeport*	CT	General Obligation & Refunding Bonds (Tax-Exempt / Taxable)
128.130	Public Finance Auth.	WI	Student Housing Revenue Bonds (Tax-Exempt / Taxable)
105.360	RI Health & Educational Building Corp.	RI	Public Schools Revenue Bond Financing Program Revenue Bonds
100.000	New Mexico Mortgage Finance Auth.	NM	Single Family Mortgage Program Class I Bonds (Non-AMT)
97.105	National Finance Auth.	NH	Senior Living Revenue Bonds
94.810	Westfield Washington Multi-School Building Corp.	IN	Ad Valorem Property Tax First Mortgage Bonds
91.310	San Diego County Water Auth.	CA	Subordinate Lien Water Revenue Refunding Bonds
89.505	North Carolina Medical Care Commission	NC	Retirement Facilities First Mortgage Revenue Bonds
88.810	Indiana Finance Auth.	IN	Economic Development Revenue Refunding Bonds (Non-AMT)
71.915	City of Garland*	TX	Electric Utility System Revenue Refunding Bonds
71.575	Warren County Port Auth.	OH	Subordinate Tax-Exempt Special Obligation Development Revenue Bonds
63.390	Hawaii Housing Finance & Community Dev. Corp.	HI	Single Family Mortgage Revenue Bonds (Non-AMT)
62.705	RI Housing & Mortgage Finance Corp.	RI	Multi-Family Development Bonds (Non-AMT)

*Cabrera will serve as Co-Manager



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Economic Calendar (ET)

Monday	Tuesday	Wednesday	Thursday	Friday
12-Oct	13-Oct	14-Oct	15-Oct	16-Oct
12:50 PM	10:00 AM	8:30 AM	8:30 AM	8:30 AM
Fed speech: Cleveland Fed President Beth Hammack	Existing Home Sales	CPI	Retail Sales, Weekly Jobless Claims, and PPI	Import Prices
	2:00 PM	2:00 PM	10:00 AM	9:15 AM
	Monthly Treasury Balance	Federal Reserve Beige Book	Manufacturing & Trade: Inventories	Industrial Production, and Capacity Utilization
19-Oct	20-Oct	21-Oct	22-Oct	23-Oct
10:00 AM	10:00 AM		8:30 AM	9:45 AM
NAHB Housing Market Index	Housing Starts	No Events Scheduled	Weekly Jobless Claims	US Flash Manufacturing & Services PMI
	10:00 AM		10:00 AM	10:00 AM
	Pending Home Sales Index		Leading Indicators	U. Michigan Final Consumer Survey

