



CABRERA CAPITAL
MARKETS

Municipal Market Update

Public Finance

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Treasuries rallied last week, with the long end outperforming ahead of the Fed meeting this week. Early in the week, a French bond selloff and AI-sector jitters supported a flight-to-quality trade, culminating on Thursday in a sharp rally driven by a steep selloff in AI-related equities. This briefly pushed the 10-year yield below 5% for the first time in a month. Yields cheapened by 3-5 basis points on Friday as tech losses eased, French bonds stabilized, and oil resumed its climb, with Brent crude finishing the week at \$116.72 per barrel. With the Fed in its blackout period ahead of Wednesday's FOMC decision, futures imply roughly a 90% probability of no change in rates. Municipals saw a much steeper yield curve, with a significant rally on the short end. Municipals outperformed through 10 years, with ratios improving by as much as 3-6 percentage points. The market absorbed a \$14.9 billion calendar as year-to-date issuance crossed the \$500 billion mark. The calendar was about \$1 billion larger than scheduled, as refundings that had not previously been viable entered the market. Municipal funds reported roughly \$1.6 billion of inflows for the week ended October 21, according to LSEG Lipper. Over the week, MMD yields fell 10-34 basis points, with the 2-year down 34 basis points, the 5-year down 24, the 10-year down 23, and the 30-year down 10. Treasury yields fell 2-10 basis points, with the 2-year down 2 basis points, the 5-year down 6, the 10-year down 8, and the 30-year down 10. This left municipal-to-Treasury ratios near 58% for the 2-year, 64% for the 5-year, 71% for the 10-year, and 91% for the 30-year.

This week, primary-market supply is expected to decline to approximately \$7.1 billion, with \$4.8 billion negotiated and \$2.3 billion competitive. Economic data this week includes Durable Goods, the Case-Shiller Home Price Index, New Home Sales and Consumer Confidence on Tuesday, the FOMC interest rate decision on Wednesday, the advance Q3 GDP and PCE Price Index on Thursday, and the Employment Cost Index and Chicago PMI on Friday. The three largest negotiated transactions this week include:

- **\$1.4 billion California Health Facilities Financing Authority** Revenue Bonds (Cedars-Sinai Health System)
- **\$550 million Parkview Health System** Taxable Bonds
- **\$262.9 million Connecticut Housing Finance Authority** Housing Mortgage Finance Program Bonds (Taxable / Social Bonds)

Interest Rate Snapshot

MMD 1-Week Change			
Term	16-Oct	23-Oct	Change
2-Year	3.07%	2.73%	-34 bps
5-Year	3.30%	3.06%	-24 bps
10-Year	3.75%	3.52%	-23 bps
20-Year	4.67%	4.50%	-17 bps
30-Year	4.95%	4.85%	-10 bps

UST 1-Week Change			
Term	16-Oct	23-Oct	Change
2-Year	4.71%	4.69%	-2 bps
5-Year	4.87%	4.81%	-6 bps
10-Year	5.08%	5.00%	-8 bps
20-Year	5.47%	5.37%	-10 bps
30-Year	5.43%	5.33%	-10 bps



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Notable Deals Last Week

Cabrera's Deals

- **Los Angeles Unified School District, California (Aa3/NR/AAA/AAA) (Cabrera Co-Manager) priced \$1.4 billion Tax-Exempt General Obligation Bonds.** The transaction was structured through 2051. The retail order period underperformed, and even though there was a market rally, the scale was cut 2 basis points going into the institutional order period. There was good subscription throughout, and the yields were lowered 6-13 basis points.

Other Notable Deals

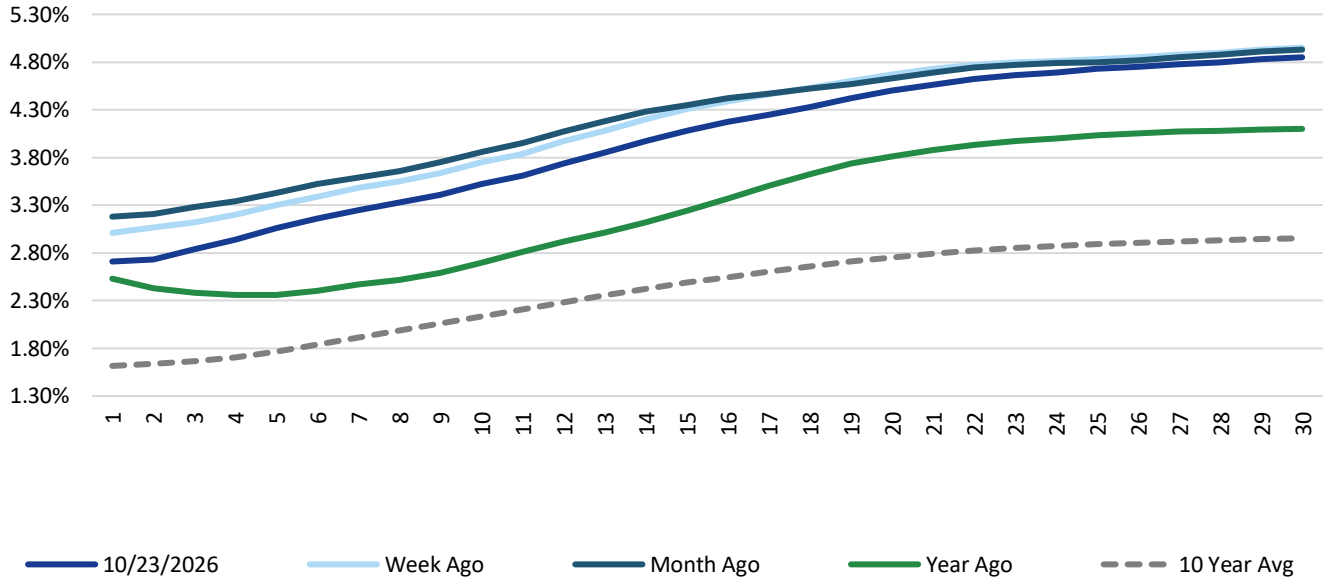
- **Metropolitan Transportation Authority, New York (A2/A/NR/AA) priced \$740 million in Tax-Exempt Transportation Revenue Refunding Green Bonds.** The deal was structured through 11 years. The deal received \$1.2 billion in orders during the retail order period and the institutional pricing was accelerated. The deal was heavily oversubscribed and bumped 2-9 basis points from retail to final pricing.
- **State Public Works Board of the State of California (Aa3/A+/AA-/NR) priced \$312 million Tax-Exempt Lease Revenue Bonds.** The deal was structured through 25 years. Maturities through 15 years were heavily oversubscribed and bumped as much as 9 basis points. The deal was upsized by \$172 million to \$484 million.
- **Barbers Hill Independent School District, Texas (Aaa/AAA/NR/NR, PSF – Aa1/AA+/NR/NR) priced \$109 million in Tax-Exempt Unlimited Tax School Building and Refunding Bonds.** The deal was structured through 30 years. The deal was oversubscribed throughout and bumped 0-7 basis points.
- **Commonwealth of Massachusetts (NR/AAA/NR/AAA) priced \$500 million in Tax-Exempt Dedicated Transportation Revenue Bonds.** The deal received over \$1 billion in retail orders. The bonds 2029-2043 were bumped 2-8 basis points prior to the institutional order period. The institutional order period was successful, and yields were lowered by 2-4 basis points.
- **Ontario International Airport Authority, California (NR/AA+/NR/NR) priced \$48 million in Tax-Exempt Revenue Bonds and \$128 million in AMT bonds.** Both series were oversubscribed throughout and bumped 5-12 basis points.





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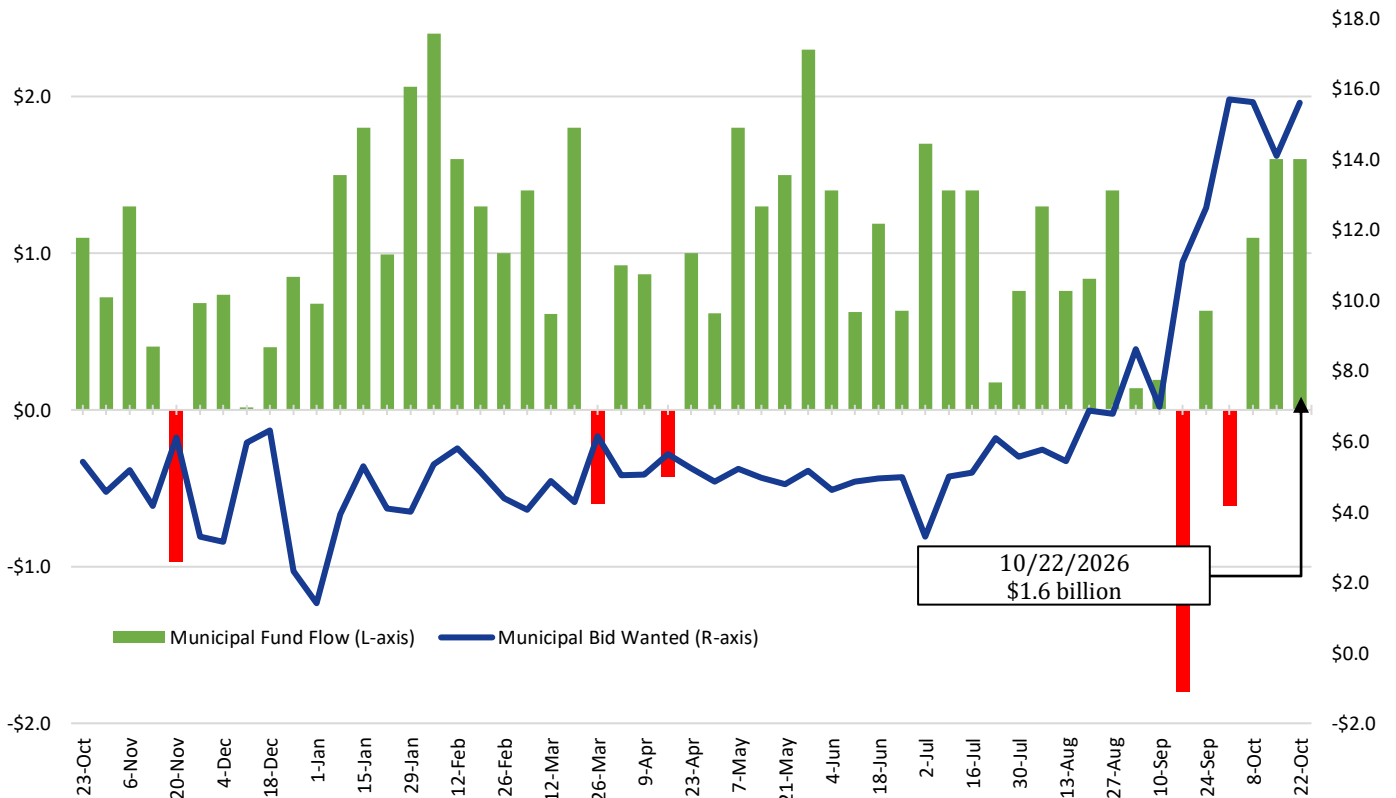
AAA MMD Curves



Municipal Fund Flows

Week of 10/22/2026 saw inflows of \$1.6 billion

Source: Lipper, Bloomberg



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Notable Fixed Rate New Issue Results from Last Week

Los Angeles Unified School District (Series QRRUS 2026) CA Optional call 07/01/36 @ 100.00 Tax-Exempt \$1,340,930,000 Aa3/NR/AAA/AAA <i>Cabrera served as Co-Manager</i>				Metropolitan Transportation Authority (Series 2026A) NY Make Whole Call Tax-Exempt \$741,455,000 A2/A/NR/AA				Commonwealth of Massachusetts (2026 Series A) MA Optional call 06/01/36 @ 100.00 Tax-Exempt \$577,140,000 NR/AAA/NR/AAA			
Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield	Maturity	Coupon	Spread	Yield
2027	5.00	4	2.92	2027	5.00	32	3.33				
2028	5.00	6	2.98	2028	5.00	35	3.43				
2029	5.00	9	3.12	2029	5.00	38	3.51				
2030	5.00	11	3.23	2030	5.00	40	3.61	2030	5.00	3	3.20
2031	5.00	11	3.36	2031	5.00	40	3.71	2031	5.00	3	3.32
2032	5.00	12	3.46	2032	5.00	39	3.79	2032	5.00	3	3.40
2033	5.00	14	3.58	2033	5.00	44	3.93	2033	5.00	6	3.54
2034	5.00	16	3.66	2034	5.00	46	4.02	2034	5.00	4	3.57
2035	5.00	16	3.75	2035	5.00	46	4.11	2035	5.00	4	3.66
2036	5.00	13	3.82	2036	5.00	41	4.17	2036	5.00	4	3.76
2037	5.00	15	3.93	2037	5.00	42	4.27	2037	5.00	5	3.86
2038	5.00	15	4.08					2038	5.00	4	4.00
2039	5.25	16	4.19					2039	5.00	6	4.12
2040	5.25	14	4.31					2040	5.00	5	4.26
2041	5.25	14	4.42					2041	5.00	5	4.37
2042	5.25	16	4.52					2042	5.00	9	4.49
2043	5.25	16	4.59					2043	5.00	10	4.57
2044	5.25	15	4.66					2044	5.00	11	4.65
2045	5.25	16	4.75					2045	5.00	12	4.73
2046	5.25	15	4.81					2046	5.00	12	4.80
2047	5.50	15	4.87								
2048	5.50	14	4.90								
2051	5.00	20	5.05					2051	5.25	10	4.95
2051	5.50	13	4.98								
								2056	5.00	13	5.10
								2056	5.50	4	5.01





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Upcoming Negotiated Calendar

Size (\$mm)	Issuer	State	Description
1,390.870	CA Health Facilities Financing Auth.	CA	Revenue Bonds (Cedars-Sinai Health System)
550.000	Parkview Health System	IN	Taxable Bonds
262.925	Connecticut Housing Finance Auth.	CT	Housing Mortgage Finance Program Bonds
200.000	MD Community Development Admin.	MD	Residential Revenue Bonds (Taxable / Social Bonds)
173.000	Waste Management, Inc.	NY	Quarterly Remarketing Bonds (AMT)
157.235	NJ Housing & Mortgage Finance Agency	NJ	Single Family Housing Revenue Bonds (Non-AMT)
106.675	Turlock Irrigation Dist.	CA	Revenue Bonds
100.000	Oklahoma Housing Finance Agency	OK	Single Family Mortgage Revenue Bonds (Non-AMT)
100.000	MD Community Development Admin.	MD	Residential Revenue Bonds (Non-AMT / Social Bonds)
93.930	Bloomington Housing Auth.	IN	General Revenue Bonds (Portfolio Acquisition Project)
85.000	San Luis Coastal Unified School Dist.	CA	General Obligation Bonds
83.355	Texas State Affordable Housing Corp.	TX	Homeownership Mortgage Revenue Bonds (Non-AMT)
80.610	Iowa Finance Auth.	IA	Single Family Mortgage Bonds (Non-AMT)
79.560	Nebraska Investment Finance Auth.	NE	Single Family Housing Revenue Bonds (Non-AMT / Social Bonds)
76.475	Liberty Hill Independent School Dist.	TX	Unlimited Tax School Building & Refunding Bonds
76.010	University of South Carolina	SC	Higher Education Revenue Bonds
66.497	National Finance Auth.	NH	Special Revenue Capital Appreciation Bonds
63.860	Philadelphia Auth. for Industrial Dev.	PA	Charter School Revenue Bonds
55.955	Manteca Financing Auth.	CA	Lease Revenue Bonds
51.000	Milledgeville Public Facilities Auth.	GA	Water & Sewer System Revenue Bonds





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Economic Calendar (ET)

Monday	Tuesday	Wednesday	Thursday	Friday
26-Oct	27-Oct	28-Oct	29-Oct	30-Oct
No Events Scheduled	8:30 AM Durable Goods	8:30 AM Advance Trade Balance in Goods, Wholesale Inventories, and Retail Inventories	8:30 AM Advance Q3 GDP, Weekly Jobless Claims, Personal Income & Spending, and PCE Price Index	8:30 AM Employment Cost Index
	9:00 AM S&P Cotality Case-Shiller Home Price Index	2:00 PM FOMC Interest Rate Decision		9:45 AM Chicago PMI
	10:00 AM New Home Sales and Consumer Confidence			
	TBA FOMC Meeting Begins			
2-Nov	3-Nov	4-Nov	5-Nov	6-Nov
9:45 AM US Manufacturing PMI	10:00 AM Job Openings & Labor Turnover Survey and Factory Orders	8:15 AM ADP National Employment Report	8:30 AM Preliminary Productivity and Costs and Weekly Jobless Claims	8:30 AM Employment Report
10:00 AM ISM Manufacturing PMI and Construction Spending		8:30 AM U.S. Trade Balance		10:00 AM U. Michigan Prelim Consumer Survey
		9:45 AM US Services PMI		3:00 PM Consumer Credit
		10:00 AM ISM Services PMI		

