



CABRERA CAPITAL
MARKETS

MUNICIPAL MARKET UPDATE

Public Finance

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PRIMARY MARKET ACTIVITY

First off, we wish you all a Happy Holiday and we thank you for your loyalty to Cabrera Capital Markets. May the New Year be filled with good health, happiness and success in all your endeavors. Enjoy the time off and we look forward to seeing you all in 2025!

Last week we saw the first municipal fund outflows since June 2024, and some deals struggled as both tax-exempt and taxable rates increased. Muni benchmark rates increased anywhere from 6 to 13 basis points across the curve, and as this record issuance year comes to a close, municipals are paring back some of the gains we witnessed since the election. Last week the 1 year, 5 year, 10 year, 20 year and 30 year muni benchmarks ended the week at 2.71%, 2.66%, 2.86%, 3.42% and 3.70%, respectively. Transaction results were mixed last week with some deals doing well with high oversubscription levels, while other deals struggled with unsold balances remaining after pricing. Despite nominal outflows this week, there continues to be a muni bond/reinvestment imbalance in the market that should bode very well for issuers in early 2025. The market anticipates that the Fed will cut the Fed Funds rate on Wednesday by 25 basis points, to a range of 4.25%-4.50%. The Fed funds rate has decreased 0.75% in the last couple of months and the expectation in 2025 is for at least three additional rate cuts. To put the 2024 rate environment into perspective, rates have decreased anywhere from 13 to 50 basis points and there have been less than two months of muni fund outflow weeks; a vast majority of the year saw consistent muni fund inflows, clearly reflecting 2024's strength. In economic news, last week consumer prices rose 2.7% in November, the second month in a row of higher prices. For perspective, inflation reached its peak in June of 2022.

Treasuries increased markedly last week anywhere from 22-27 basis points; the 5 year, 10 year and 30 year rates ended the week at 4.25%, 4.40% and 4.61%, respectively. Ratios weakened for the week with the 5 year, 10 year and 30 year ratios closing Friday at 63%, 65% and 80%, respectively. This week will be the last issuance week of the year and we are expecting approximately \$2 billion in total volume, of which New York TFA represents \$1.5 billion (Cabrera Co-Manager).

- ✦ The Dormitory Authority of the State of New York (Aa1/NR/NR/AAA) priced \$2.15 billion tax-exempt State Sales Tax Revenue Bonds. Following the retail order period, the transaction garnered \$1.5 billion in retail orders and was bumped 1-3 bps in 2026, 2034-2035, and 2039-2034, while the 2054 term was cheapened 3 bps. The transaction performed well during the institutional order period and was bumped throughout the amortization 1-6 bps excluding 2027-2028, and one of the terms in 2054. Even though the transaction was over \$2 billion, it did not price with any concession.



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- ✦ The Metropolitan Water Reclamation District of Greater Chicago (NR/AA+/AAA/NR) priced \$371 million across 5 series of General Obligation Limited Tax Bonds and General Obligation Unlimited Tax Bonds. The Limited Tax Bonds' scales remained unchanged after the premarketing period while the Unlimited Tax Bonds were cheapened 2 bps. The transactions struggled in spots during the preliminary order period and had balances of over \$18 million. The transactions had 2-4 bps bumps in 2031, 2033, 2044 and cheapened 2-3 bps in 2026 and 2027.
- ✦ Adams County, Colorado (Aa2/AA/NR/NR) priced \$97 million of Certificates of Participation. Following the preliminary order period, the transaction had over \$30 million in balances on the terms and ended up running an additional order period on the term balances. The 2054 term was bifurcated for the second order period with a 5.25% and 4% coupon. With final pricing, the transaction was bumped 2-4 bps 2025, 2029-2034, 2044, and cheapened 1-5 bps 2027-2028, 2049, and 2054.
- ✦ The Chicago Transit Authority (NR/AA/NR/AA) priced \$656 million of Sales Tax Receipts Revenue Refunding Bonds. The transaction was cheapened 1-10 from premarketing levels, however during the institutional order period, the transaction performed well and was bumped 2-6 bps throughout the amortization, excluding 2032, 2038, and 2039.
- ✦ The City of Aurora Colorado Utility Enterprise (NR/AA+/AA+/NR) priced \$138 million of First Lien Water Revenue Bonds. The transaction remained mostly unchanged following the preliminary order period but struggled on the long end. The 2054 term was bifurcated to 4% and 5% coupons and 2043-2054 was cheapened 1-2 bps.

INTEREST RATE SNAPSHOT

Benchmark	Maturity	12/13/2024 AAA MMD	Change from Last Week (bps)	12/13/2024 U.S. Treasury	Change from Last Week (bps)	Muni/UST Ratio	Date of Week End	SIFMA Index	Municipal Fund Flow (in Millions)
1	2025	2.71	+ 6	4.24	+ 5	63.92%	12/13/2024	2.91	(\$316)
2	2026	2.59	+ 7	4.25	+ 15	60.94%	12/6/2024	2.15	\$1,200
3	2027	2.58	+ 8	4.21	+ 16	61.28%	11/29/2024	2.86	\$559
5	2029	2.66	+ 12	4.33	+ 30	61.43%	11/22/2024	3.18	\$1,300
10	2034	2.86	+ 13	4.40	+ 25	65.00%	11/15/2024	3.59	\$305
20	2044	3.42	+ 13	4.69	+ 27	72.92%	11/8/2024	2.68	\$1,300
30	2054	3.70	+ 13	4.61	+ 27	80.26%	11/1/2024	3.24	\$659

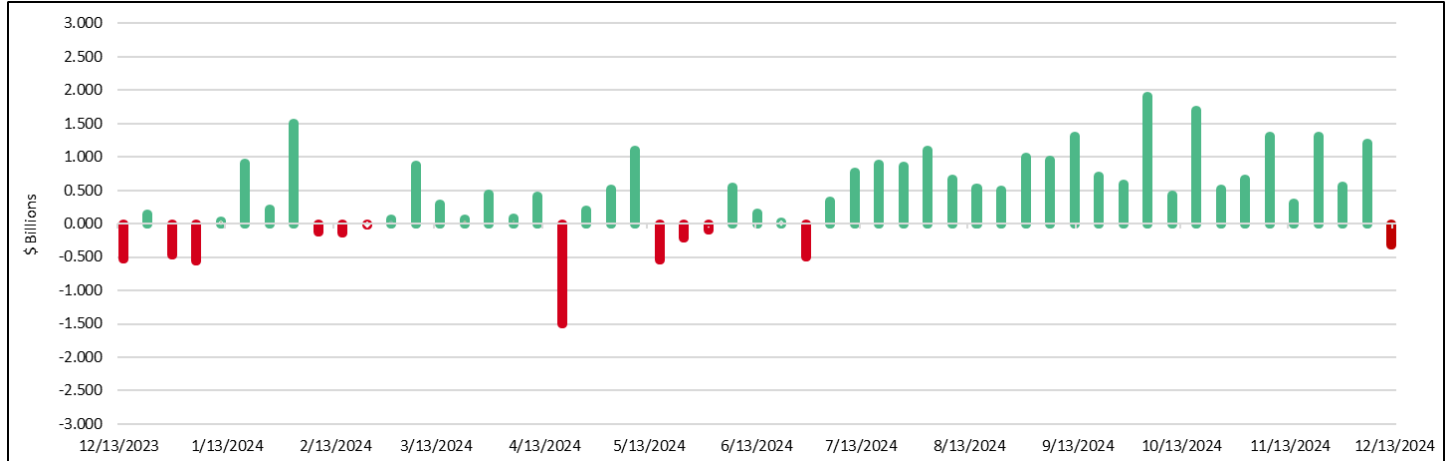


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MUNICIPAL FUND FLOWS

Week Ended 12/13/2024 saw outflows of \$316 million

Source: Lipper



UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
1,500.000	New York City Transitional Finance Authority*	NY	Future Tax Secured Subordinate Bonds
68.832	National Finance Authority	NH	Special Revenue Capital Appreciation Bonds
66.945	California Public Finance Authority	CA	Revenue Bonds
61.290	Public Finance Authority	WI	Multifamily Housing Revenue Bonds
52.810	Maryland Economic Development Corporation	MD	Recreational Facilities Revenue Bonds
51.595	Dallastown Area School District	PA	General Obligation Bonds
46.425	Juban Crossing Economic Development District	LA	Refunding Bonds
45.000	Maine Finance Authority	ME	Solid Waste Disposal Revenue Bonds
41.610	State of Missouri	MO	Senior Living Facilities Revenue Bonds
33.485	Build NYC Resource Corporation	NY	Revenue Bonds
31.240	New Hampshire Health and Education Facilities Authority	NH	Revenue Bonds
27.530	Lanterns Metropolitan District No. 1 (In the Town of Castle Rock)	CO	Limited Tax General Obligation Refunding and Improvement Bonds
27.290	Douglas County School District 0017 (Millard Public Schools)	NE	General Obligation Bonds
25.000	Jersey City Municipal Utilities Authority	NJ	Water Project Notes
24.300	Bromley Park Metropolitan District No. 3	CO	Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds
23.870	City of Texarkana Public Facilities Board	AR	Waterworks and Sewer Facilities Revenue Bonds
22.235	South Central Connecticut Regional Water Authority	CT	Water System Revenue Bonds
20.460	Building and Facilities Authority of the City of Senoia	GA	Revenue Bonds

*Cabrera will serve as Co-Manager

NOTABLE FIXED DEALS FROM LAST WEEK

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

Metropolitan Water Reclamation District of Greater Chicago*				Adam County CO				State of Ohio			
Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
2027-2031	5.000	2.670-2.780	17-22	2025-2044	5.000	2.750-3.620	10-35	2025-2035	5.000	2.660-3.000	12-18
2039-2044	5.000	3.260-3.620	32-35	2049	5.250	3.850	35				
				2054	4.000	4.210	64				
				2054	5.250	3.920	35				

*Cabrera served as Co-Senior Manager



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ECONOMIC CALENDAR (ALL TIMES IN ET)

Monday	Tuesday	Wednesday	Thursday	Friday
16-Dec	17-Dec	18-Dec	19-Dec	20-Dec
9:45 AM S&P flash U.S. services PMI	8:30 AM US retail sales	8:30 AM Housing starts	8:30 AM Initial Jobless Claims	8:30 AM PCE (year-over-year)
		2:00 PM FOMC interest-rate decision	8:30 AM GDP (second revision)	8:30 AM Core PCE (year-over-year)
23-Dec	24-Dec	25-Dec	26-Dec	27-Dec
10:00 AM Consumer confidence	8:30 AM US retail sales	Christmas holiday	8:30 AM Initial Jobless Claims	8:30 AM Advanced U.S. trade balance in goods
				8:30 AM Advanced wholesale inventories

