



CABRERA CAPITAL
MARKETS

MUNICIPAL MARKET UPDATE

Public Finance

Mario Carrasco
Managing Director & Head of Investment Banking - Public Finance
(210) 857-8517
mcarrasco@cabreracapital.com

Underwriting

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

Monday, December 9, 2024

PRIMARY MARKET ACTIVITY

It was another banner week in the muni primary and secondary markets with pricing spreads continuing to tighten across the curve. We have now witnessed nearly five straight months of positive fund flows and another sustained, albeit small weekly market rally. The 1 year, 5 year, 10 year, 20 year and 30 year benchmark rates closed on Friday at 2.65%, 2.54%, 2.73%, 3.29% and 3.57% respectively; for the week, benchmark rates were down 5-8 basis points. Based on recent economic releases, the US Labor rates remains robust, to which the market has priced in a 25 basis point rate cut on December 18th which would take the Fed Rate range down to 4.25%-4.50%. The CME FedWatch Tool is prognosticating an 86% chance of a 25 basis point Fed Rate cut, which has increased from 60% just a couple weeks ago. Similarly on the short end, the weekly SIFMA rate decreased 71 basis points to 2.15%, which is now lower by 103 basis points in just two weeks. While this is not the lowest point in the past three years, it is close, and a nod to the continually lower trajectory of short-term rates. With the \$10 billion primary volume this week, 2024 will mark a record volume year for municipals breaking 2020's prior record of \$484 billion.

5 year, 10 year and 30 year US Treasury bonds closed Friday afternoon at 4.03%, 4.15% and 4.34%, with very little movement in taxable rates for the week. Ratios in the same ranges were also steady at 63%, 66% and 82% respectively. Deals in this busy market include Dormitory Authority of the State of NY \$2.2 billion (Cabrera Capital Co-Manager), Chicago Transit Authority \$570 million, King County Sewer Revenue \$375 million, Metropolitan Water Reclamation District of Chicago \$340 million (Cabrera Capital Co-Manager), Aurora Colorado Water Revenue Bonds \$137 million, Poway USD \$62 million, and many others.

Most transactions performed well in the primary market with significant oversubscription levels amid the heavy supply of one of the final weeks of issuance for 2024.

- ✦ The City of New Haven (Baa1/A-/A-/NR Underlying, AGC Insured A1/AA/NR/NR) priced \$144 million of General Obligation Refunding Bonds. The refunding was structured short 2025-2033 and remained unchanged following the premarketing period. During the institutional order period, the transaction performed very well and was oversubscribed 1 to 15 times with heavier oversubscription levels on the long end. The transaction was bumped 5-15 bps 2028-2033.
- ✦ The State of Connecticut priced the remainder of their \$768 million Special Tax Obligation Bonds (Aa3/AA/AA-/AAA) after having previously accelerated \$600 million of the transaction before the Thanksgiving Holiday. During the retail order period, the transaction garnered over \$360 million in orders, and the scale remained unchanged as the transaction entered the preliminary order period. The transaction did well during the institutional order period and was bumped 2-6 bps.



CABRERA CAPITAL MARKETS

- ✦ The New Jersey Transportation Trust Fund Authority (A2/A-/A/A) priced \$1.5 billion of Transportation Program Bonds. The transaction remained unchanged following the premarketing period. During the institutional order period, the transaction was heavily oversubscribed for and bumped 5-12 bps throughout the amortization.
- ✦ The City of Chicago (NR/BBB+/A-/A+) priced \$272 million of General Obligation Refunding Bonds. The bonds went out at their premarketing levels for the preliminary order period. The transaction did well and was bumped 2-5 bps throughout.
- ✦ The City of Austin (NR/AAA/AA+/NR) priced \$422 million of tax-exempt bonds across three series and \$40 million of taxable bonds across two series. The tax-exempt series had mixed results with cuts 1-3 bps on the short end and 1-5 bps bumps scattered throughout the amortization. The \$30 million tax-exempt Public Property Finance Contractual Obligations struggled the most and were cut 3 bps 2026-2031. The taxable bonds did very well and were bumped 5-7 bps.

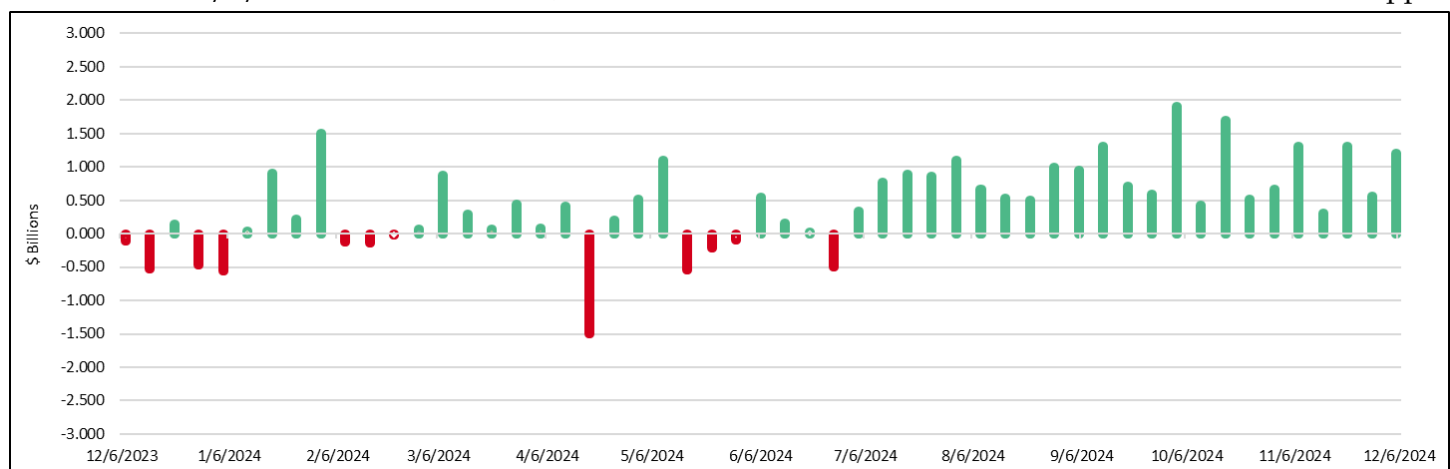
INTEREST RATE SNAPSHOT

Benchmark	Maturity	12/6/2024 AAA MMD	Change from Last Week (bps)	12/6/2024 U.S. Treasury	Change from Last Week (bps)	Muni/UST Ratio	Date of Week End	SIFMA Index	Municipal Fund Flow (in Millions)
1	2025	2.65	- 8	4.19	- 11	63.25%	12/6/2024	2.15	\$1,200
2	2026	2.52	- 7	4.10	- 3	61.46%	11/29/2024	2.86	\$559
3	2027	2.50	- 6	4.05	- 5	61.73%	11/22/2024	3.18	\$1,300
5	2029	2.54	- 7	4.03	- 2	63.03%	11/15/2024	3.59	\$305
10	2034	2.73	- 5	4.15	- 3	65.78%	11/8/2024	2.68	\$1,300
20	2044	3.29	- 5	4.42	- 3	74.43%	11/1/2024	3.24	\$659
30	2054	3.57	- 5	4.34	- 2	82.26%	10/25/2024	3.51	\$515

MUNICIPAL FUND FLOWS

Week Ended 12/6/2024 saw inflows of \$1,200 million

Source: Lipper





**CABRERA CAPITAL
MARKETS**

UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
2,192.990	Dormitory Authority of the State of New York*	NY	Sales Tax Revenue Bonds
1,250.000	California Community Choice Financing Authority	CA	Clean Energy Project Revenue Bonds
570.865	Chicago Transit Authority	IL	Sales Tax Receipts Revenue Refunding Bonds
435.357	National Finance Authority	NH	Municipal Certificates
375.000	King County	WA	Sewer Revenue Refunding Bonds
317.745	Metropolitan Water Reclamation District of Greater Chicago**	IL	General Obligation Limited Tax Capital Improvement Bonds
300.000	Mida Mountain Village Public Infrastructure District	UT	Subordinate Tax Allocation Revenue Bonds
270.000	Douglas County School District No. RE-1	CO	General Obligation Bonds Election of 2022, Series B
249.805	Michigan Finance Authority	MI	Revenue Bonds
200.245	Capital Trust Authority	FL	Senior Living Facilities
172.595	Public Finance Authority	WI	Revenue Bonds
158.035	City of Mansfield	TX	Combination Tax and Revenue Certificates of Obligation
148.900	Iowa Finance Authority	IA	Revenue Bonds
137.440	City of Aurora	CO	Utility Enterprise First-Lien Water Revenue Bonds
127.840	Philadelphia Redevelopment Authority	PA	City Service Agreement Revenue Bonds
124.725	New York State Housing Finance Agency	NY	State Personal Income Tax Revenue Bonds
116.470	San Luis Coastal Unified School District	CA	General Obligation Bonds Election of 2022
111.000	Westminster Public Schools	CO	General Obligation Bonds

*Cabrera will serve as Co-Manager

**Cabrera will serve as Co-Senior Manager

NOTABLE FIXED DEALS FROM LAST WEEK

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

City of New Haven* CT				The State of Connecticut**				New Jersey TTFA NJ			
Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
2025-2033	5.000	2.930-3.320	40-45	2032-2045	5.000	2.780-3.580	17-23	2030-2045	5.000	2.900-3.7800	34-44
								2050	4.125-5.250	3.950-4.210	44-70
								2055	4.125-5.250	4.030-4.220	46-65

*Cabrera served as Senior Manager

**Cabrera served as Co-Manager

ECONOMIC CALENDAR (ALL TIMES IN ET)

Monday	Tuesday	Wednesday	Thursday	Friday
9-Dec	10-Dec	11-Dec	12-Dec	13-Dec
10:00 AM Wholesale inventories	8:30 AM U.S. productivity (revision)	8:30 AM CPI year over year	8:30 AM PPI year over year	8:30 AM Import price index
		8:30 AM Consumer price index	8:30 AM Core PPI year over year	
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)