



CABRERA CAPITAL
MARKETS

MUNICIPAL MARKET UPDATE

Public Finance

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PRIMARY MARKET ACTIVITY

The latest round of Trump administration tariffs triggered notable volatility in the economy, with stocks plummeting on Monday over trade conflict concerns before rebounding as tariffs on Mexico and Canada were delayed. With limited direct impact, the municipal bond market remained relatively stable throughout the week. On Wednesday, the Bank of England cut rates by 25 basis points, sparking a rally that spilled over into the US Treasury market which continued as the Treasury announced their quarterly refunding plans with no surprises. A further boost came when Richmond Fed President Barkin signaled expectations for more rate cuts amid uncertainty, triggering a sharp Treasury rally. With ample cash and light supply, the municipal market quickly followed, pushing MMD yields down an average of 7 basis points across the curve this week. Strong municipal fund inflows further reinforced a positive tone, with investors adding \$1.1 billion to Municipal Bond funds. Concurrently, SIFMA edged down to 2.07 this week, reflecting broader rate movements.

Meanwhile, the latest jobs report signals a mixed picture of the labor market—employers added 143,000 jobs in January, falling short of expectations, while the unemployment rate edged down to 4%. Additionally, the most recent consumer sentiment slumped to a seven-month low as short-term inflation expectation related to trade and tariff concerns continues to loom. This is likely to fuel further market volatility, potentially increasing demand for municipal bonds as a safe-haven asset.

INTEREST RATE SNAPSHOT

MMD Week of the February 3rd				UST Week of the February 3rd			
Term	Starting (2/3)	Ending (2/7)	Change	Term	Starting (2/3)	Ending (2/7)	Change
2yr	2.67%	2.60%	-7bp	2yr	4.26%	4.29%	3bp
5yr	2.77%	2.69%	-8bp	5yr	4.35%	4.34%	-1bp
10yr	2.97%	2.91%	-6bp	10yr	4.54%	4.49%	-5bp
20yr	3.76%	3.72%	-4bp	20yr	4.82%	4.75%	-7bp
30yr	3.97%	3.93%	-4bp	30yr	4.77%	4.69%	-8bp

In terms of supply, approximately \$10 billion is expected to be priced this week, aligning with the recent average. Looking ahead, next week’s largest deals include:

- ✦ \$1.66 billion New York City Transitional Finance Authority* (Aa1/AAA/AAA)
- ✦ \$852 million State of Hawaii Airport System Revenue Bonds (Aa3/AA-/AA-)
- ✦ \$810 million State of Ohio General Obligation Bonds (Aaa/AAA/AAA)

*Cabrera will serve as Co-Manager



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DEALS LAST WEEK:

- ✦ The Lower Colorado River Authority (A1/A/A+/NR) priced \$520 million of Transmission Contract Refunding Revenue Bonds. The transaction began premarketing on Monday with an insured 2055 term. As the transaction entered the institutional order period, the scale remained unchanged; however, the Authority added an additional, uninsured term in 2055, 3 basis points cheaper than the insured term. The transaction did well in the order period and was bumped 1-6 basis points after repricing.
- ✦ Round Rock Independent School District (PSF Aaa/NR/NR/NR | Underlying Aa1/NR/NR/AAA) priced \$233 million of Unlimited Tax School Building Bonds. The District started premarketing mostly 5% coupons, but 4% in 2044-2045. Additionally, the 2044 & 2045 maturity had a shorter 9 year call. After premarketing, the District decided to change the 2045 maturity to a 5% coupon, tightening it 19 basis points, and cheapened the 2044 maturity 5 basis points. The transaction was oversubscribed following the order period and bumped 2-7 basis points.
- ✦ Riverside Community College District (Aa1/A/NR/NR) priced \$205 million of General Obligation Bonds. The transaction entered the preliminary order period 18 basis points through the MMD curve in 10 years. It was oversubscribed throughout and bumped 3-10 basis points through the scale, specifically 10 basis points in the 10 year making the final spreads 28 basis points through MMD in 10 years. This transaction had a 7-year call which did not cost the District.
- ✦ Dallas Independent School District (PSF Aaa/NR/NR/NR | Underlying Aa1/NR/NR/AAA) priced \$840 million of Unlimited Tax Bonds across two separate series. Following the premarketing period for the \$608 million series, the District ended up adding 4.50% coupons in 2045-2047 to gain additional investor interest. Both series did very well in the preliminary order period and spreads were tightened 2-7 basis points throughout.
- ✦ Tarrant County Cultural Education Facilities Finance Corporation (Aa2/AA/NR/NR) priced \$373 million of Hospital Revenue Bonds for Cook Children's Medical Center. The transaction did well in the preliminary order period and was bumped throughout the amortization 1-7 basis points.

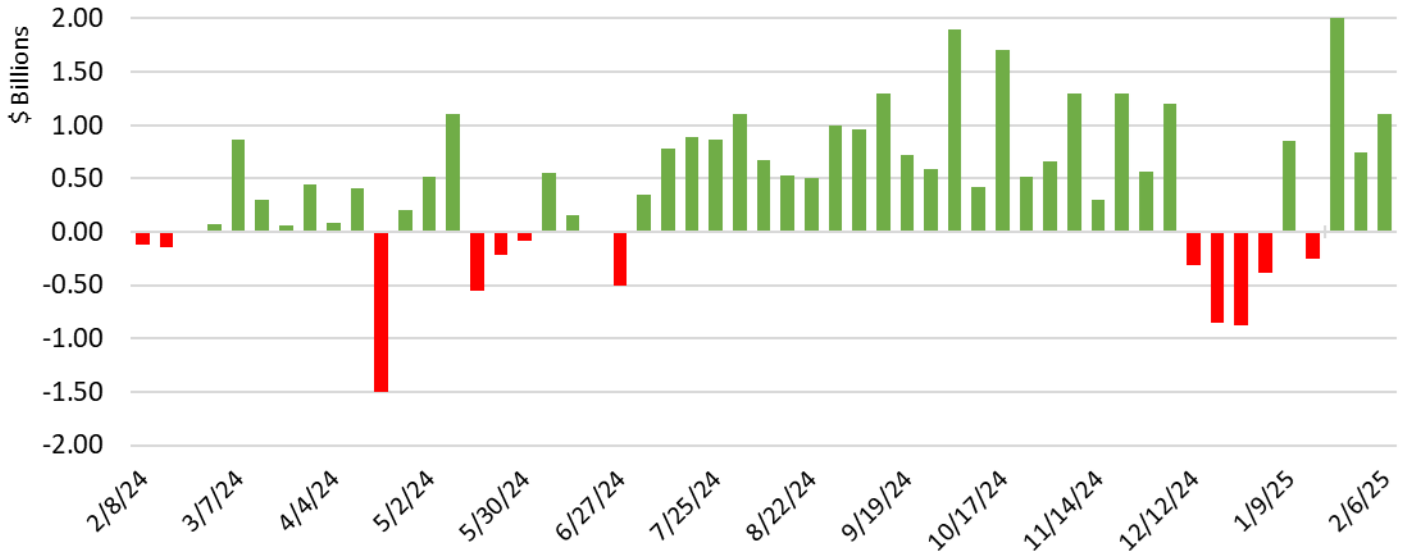


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MUNICIPAL FUND FLOWS

Week Ended 2/7/2025 saw inflows of \$1,100 million

Source: Lipper



UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
1,494.810	New York City Transitional Finance Authority	NY	Future Tax Secured Subordinate Bonds
852.235	State of Hawaii	HI	Airports System Revenue Bonds
810.805	State of Ohio	OH	General Obligation Bonds
637.695	Salt River Project Agricultural Improvement and Power District	AZ	Salt River Project Electric System Revenue Bonds
474.965	Metropolitan Atlanta Rapid Transit Authority	GA	Sales Tax Revenue Bonds
339.070	State of Wisconsin	WI	General Obligation Refunding Bonds of 2025
324.230	Arlington Independent School District	TX	School Building and Refunding Bonds
310.150	School District No.1 in the City and County of Denver (Denver Public Schools)	CO	General Obligation Bonds
270.350	Humble Independent School District	TX	School Building and Refunding Bonds
250.000	Community Development Administration Maryland Department of Housing and Community Development	MD	Residential Revenue Bonds
225.000	Ohio Housing Finance Agency	OH	Residential Mortgage Revenue Bonds
211.795	University of Washington	WA	General Revenue Refunding Bonds
164.545	New York City Transitional Finance Authority*	NY	Future Tax Secured Subordinate Bonds
144.100	State of Wisconsin	WI	General Obligation Refunding Bonds of 2026
125.000	Tolleson Union High School District No. 214 of Maricopa County	AZ	School Improvement Bonds, Projects of 2023 and 2024
100.995	New Mexico Finance Authority	NM	Senior Lien Public Project Revolving Fund Revenue Bonds
78.060	Lancaster School District	PA	General Obligation Bonds
75.000	Florida Housing Finance Corporation	FL	Homeowner Mortgage Revenue Bonds

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NOTABLE FIXED DEALS FROM LAST WEEK

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

Dallas ISD TX 2/15/2034 Tax-Exempt 608.195 PSF Insured Aaa/NR/NR/NR				Riverside Community College District CA 8/1/2032 Tax-Exempt 205.000 Aa1/AA/NR/NR				Carlsbad Unified School District CA 8/1/2035 Tax-Exempt 87.005 Aa1/NR/NR/NR			
Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
2026-2044	5.000	2.630-3.810	5-21	2026-2028	5.000	2.440-2.480	(18)-(21)	2026-2039	5.000	2.420-3.05	15-30
2045-2047	4.500	4.120-4.260	43-47	2033-2040	5.000	2.620-3.020	(20)-(28)	2041-2045	4.000	3.61-3.98	20-22
2048-2051	5.000	4.040-4.070	23	2041-2045	4.000	3.590-3.950	18-21	2050	4.000	4.120	22
2055	4.000	4.250	35	2050	4.000	4.100	22				
				2054	4.000	4.110	17				



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ECONOMIC CALENDAR (ALL TIMES IN ET)

Monday	Tuesday	Wednesday	Thursday	Friday
10-Feb	11-Feb	12-Feb	13-Feb	14-Feb
None scheduled	3:30 PM New York Fed President Williams speaks	8:30 AM CPI year over year	8:30 AM Initial Jobless Claims	8:30 AM Import price index
		8:30 AM Consumer price index	8:30 AM PPI year over year	8:30 AM US retail sales
		2:00 PM Monthly U.S. federal budget	8:30 AM Core PPI year over year	10:00 AM Business inventories
17-Feb	18-Feb	19-Feb	20-Feb	21-Feb
Presidents Day holiday, none scheduled	8:30 AM Empire State manufacturing survey□	8:30 AM Housing starts	8:30 AM Initial Jobless Claims	10:00 AM Consumer sentiment (prelim)
	10:00 AM Home builder confidence index	2:00 PM Minutes of Fed's January FOMC meeting	10:00 AM U.S. leading economic indicators	9:45 AM S&P U.S. services PMI
				9:45 AM S&P U.S. manufacturing PMI