



CABRERA CAPITAL  
MARKETS

# MUNICIPAL MARKET UPDATE

## Public Finance

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## PRIMARY MARKET ACTIVITY

This week, inflation remained the dominant market driver, with heightened market volatility following higher-than-expected economic data and new tariff developments. The January Year-Over-Year Consumer Price Index (CPI) rose to 3.0%, surpassing the forecasted 2.9%, marking the largest monthly increase since July 2023. Similarly, the January Year-Over-Year producer Price Index (PPI) came in above expectations at 3.5%, higher than the projected 3.2%. These figures indicate continued inflationary pressures, underscoring the Fed's struggle to bring inflation down to its 2% target. As a result, the Federal Reserve signaled that rate cuts would likely be delayed. Markets reacted swiftly, stocks declined sharply on Wednesday, while Treasury yields climbed 8 to 11 basis points across the curve, putting additional upward pressure on the municipal market. The MMD yield curve increased by an average of 12 basis points on Wednesday. By the end of the week, the market saw a partial recovery, with Treasury yields decreasing 2 basis points on average between Monday and Friday, while the MMD curve increased by an average of 9 basis points week-over-week. Meanwhile, additional tariff announcements this week had a more muted effect on rates, with market focus remaining on inflation and monetary policy expectations. Municipal fund inflows held up during the volatility with investors adding \$239 million to Municipal Bond funds. Concurrently, SIFMA edged up to 3.36 this week, reflecting broader rate movements.

## INTEREST RATE SNAPSHOT

MMD Week of February 10th				UST Week of February 10th			
Term	Starting (2/10)	Ending (2/14)	Change	Term	Starting (2/10)	Ending (2/14)	Change
2yr	2.60%	2.68%	9bp	2yr	4.28%	4.26%	-2bp
5yr	2.69%	2.77%	8bp	5yr	4.34%	4.33%	-1bp
10yr	2.91%	3.02%	11bp	10yr	4.51%	4.47%	-4bp
20yr	3.72%	3.81%	9bp	20yr	4.76%	4.75%	-1bp
30yr	3.93%	4.01%	8bp	30yr	4.71%	4.69%	-2bp

In terms of supply, approximately \$4.1 billion is expected to be priced this week, slightly lighter than recent averages. Looking ahead, the week's largest deals include:

- ✦ \$500 million Pennsylvania Economic Development Financing Authority Revenue Bonds (Aa3/-/AA/-)
- ✦ \$335 million Miami-Dade County Airport Revenue Bonds (-/A+/A+/AA-)
- ✦ \$298 million Board of Regents of Texas Tech University System (Revenue Financing System) Refunding and Improvements Bonds (Aa1/-/AA+/AA+)



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**DEALS LAST WEEK:**

- ✦ The Metropolitan Atlanta Rapid Transit Authority (NR/AAA/NR/AAA) priced \$473 million of Sales Tax Green Bonds across two series. The Authority began premarketing Tuesday at tight spreads; however, after the higher-than-expected CPI release Wednesday morning sparked a sell off in treasuries, spreads were cheapened 15-19 basis points across both series. The 2025B series was structured 2026-2040 and had a 10-year call in 2035, but only for the 2040 maturity, which also contributed to cheaper spreads entering the preliminary order period. Both series did well during the order period and were bumped 2-7 basis points, excluding 2032, 2046, and 2055.
- ✦ Arlington (TX) Independent School District (PSF Aaa/AAA/NR/NR, Underlying Aa1/AA/NR/NR) priced \$326 million of Unlimited Tax School Building and Refunding bonds prior to the CPI release. The transaction had over \$40 million in balances following the institutional order period. At final pricing, spreads were cheapened 1-6 basis points throughout the amortization.
- ✦ New York Transitional Finance Authority (Aa1/AAA/AAA/NR) priced \$1.9 billion across four series of tax-exempt and taxable Future Tax Secured Subordinate Bonds. The tax-exempt transaction began the retail order period Tuesday and the taxable began with indications of interest on the same day. Due to the selloff in treasuries on Wednesday, the Authority extended the indications of interest period into Wednesday and cheapened spreads by 10 basis points. The tax-exempt series garnered \$650 million in retail orders and entered the institutional order period with spreads cheapened by 5-13 basis points throughout the amortization. All four series did well on Wednesday with the tax-exempt series being bumped 1-6 basis points throughout and the taxable being bumped 2 basis points in 2027.
- ✦ The State of Ohio (Aaa/AAA/AAA/NR) priced \$826 million Higher Education General Obligation and Refunding Bonds across two series. The transactions struggled on the short end and cheapened 1-3 basis points for both series while the remainder of the curve remained mostly unchanged excluding 2035 and 2043-2045 on repricing.

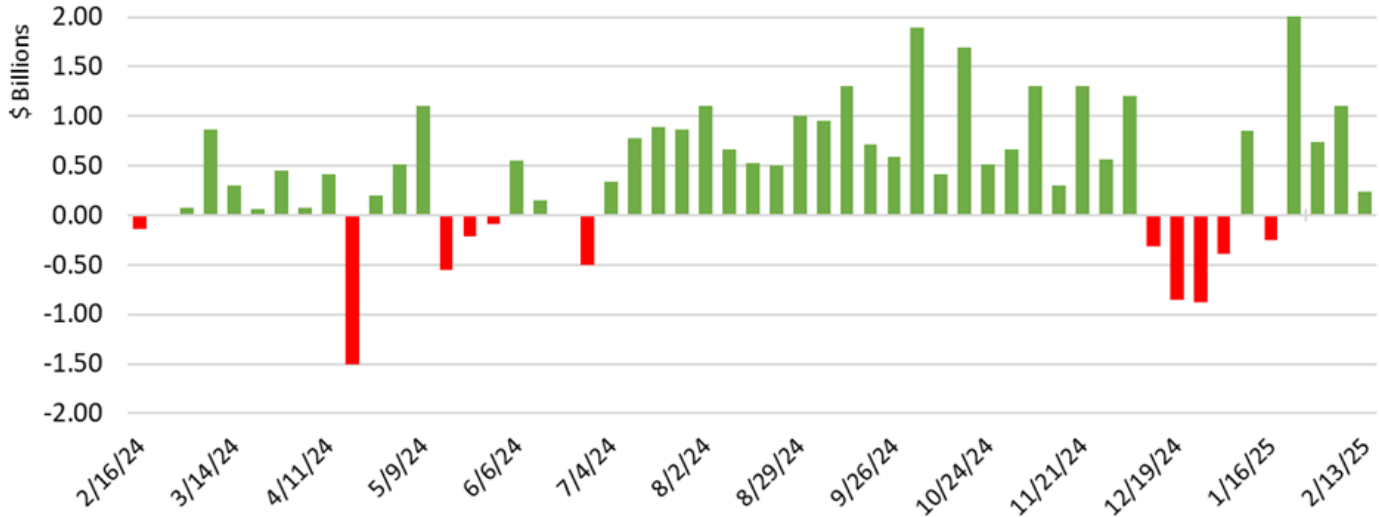


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**MUNICIPAL FUND FLOWS**

Week Ended 2/14/2025 saw inflows of \$239 million

Source: Lipper



**UPCOMING NEGOTIATED CALENDAR**

Size (\$mm)	Issuer	State	Description
500.000	Pennsylvania Economic Development Financing Authority	PA	Revenue Bonds
335.385	Miami-Dade Airport	FL	Airport Revenue Bonds
298.375	Texas Tech University System Board of Regents	TX	Revenue Financing System Refunding and Improvement Bonds
250.000	Idaho Housing and Finance Association	ID	Single Family Mortgage Bonds
248.075	New Hope Cultural Education Facilities Finance Corporation	TX	Senior Living Revenue Bonds, Series 2025A (Superior Living Foundation Project)
235.020	Wisconsin Health and Educational Facilities Authority	WI	Revenue Bonds
192.890	Union Sanitary District Financing Authority	CA	Interim Notes
190.545	Miami-Dade Airport	FL	Airport Revenue Bonds
162.999	Oregon City School District No. 62	OR	General Obligation Bonds
<b>151.245</b>	<b>Houston Independent School District*</b>	<b>TX</b>	<b>Limited Tax Refunding Bonds</b>
122.145	San Mateo County Transit District	CA	Limited Tax Bonds Refunding
100.000	New York State Mortgage Agency	NY	Homeowner Mortgage Revenue Bonds
50.000	Sweetwater Union High School District	CA	General Obligation Bonds
46.860	Pulaski County Reorganized District #6	MO	Certificates of Participation
19.680	City of Coralville	IA	Taxable General Obligation Refunding Bonds
14.565	School District of the City of Scranton	PA	General Obligation Bonds
15.937	Red Barn Metropolitan District	CO	General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds
<b>15.120</b>	<b>Southwest Texas College**</b>	<b>TX</b>	<b>Combined Fee Revenue Bonds, Series 2025A</b>

\*Cabrera will serve as Co-Manager  
\*\*Cabrera will serve as Lead Manager

**NOTABLE FIXED DEALS FROM LAST WEEK**

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

Metropolitan Atlanta Rapid Transit Authority				New York City Transitional Finance Authority*				Arlington ISD TX			
Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
2041-2046	5.000	3.670-4.140	29-32	2027-2041	5.000	2.830-3.770	21-46	2026-2045	5.000	2.740-3.970	15-26
2050	5.000	4.190	29					2054	4.000	4.280	42
2055	5.000	4.320	35								

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**ECONOMIC CALENDAR (ALL TIMES IN ET)**

<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>
<b>17-Feb</b>	<b>18-Feb</b>	<b>19-Feb</b>	<b>20-Feb</b>	<b>21-Feb</b>
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 (Final)
	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
<b>24-Feb</b>	<b>25-Feb</b>	<b>26-Feb</b>	<b>27-Feb</b>	<b>28-Feb</b>
None scheduled	9:00 AM S&P Case-Shiller home price index (20 cities)	10:00 AM New home sales	8:30 AM Initial Jobless Claims	8:30 AM PCE (year-over-year)
	10:00 AM Consumer confidence		8:30 AM GDP (second revision)	8:30 AM Core PCE (year-over-year)
				8:30 AM Advanced U.S. trade balance in goods