



CABRERA CAPITAL  
MARKETS

# MUNICIPAL MARKET UPDATE

## Public Finance

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## PRIMARY MARKET ACTIVITY

In a holiday-shortened week, the municipal market remained relatively stable as it continued to navigate through a complex economic and political landscape. On Friday, the release of the S&P February Preliminary Purchasing Managers' Indexes (PMIs) and the University of Michigan's final February Consumer Sentiment Index, signaled potential economic slowdown amid rising cost pressures and policy uncertainties. The PMIs fell to 50.4 from 52.7 in January, while consumer confidence plunged from 71.7 to 64.7, marking its lowest level since November 2023. The equity markets reacted sharply, with the S&P 500 suffering its largest single-day percentage drop since December 18, 2024. However, the bond market proved more resilient—Treasury yields declined an average of 12 basis points, while MMD yields fell by an average of 4 basis points. Despite the broader economic and policy uncertainties, on Thursday Atlanta Fed President Bostic signaled that his “baseline expectation” is for two quarter-percentage points rate cuts later in the year. Municipal Bond funds flows were higher this week compared to last, with investors adding \$546 million, marking 5 consecutive weeks of positive inflows. Concurrently, SIFMA edged up to 2.91 this week, reflecting broader rate movements.

## INTEREST RATE SNAPSHOT

MMD Week of February 18th				UST Week of February 18th			
Term	Starting (2/18)	Ending (2/21)	Change	Term	Starting (2/18)	Ending (2/21)	Change
2yr	2.68%	2.64%	-4bp	2yr	4.29%	4.19%	-10bp
5yr	2.76%	2.71%	-5bp	5yr	4.40%	4.26%	-14bp
10yr	3.00%	2.96%	-4bp	10yr	4.55%	4.42%	-13bp
20yr	3.81%	3.77%	-4bp	20yr	4.83%	4.69%	-14bp
30yr	4.01%	3.97%	-4bp	30yr	4.77%	4.67%	-10bp

In terms of supply, approximately \$6.5 billion is expected to be priced this week, bringing total negotiated issuance for February to approximately \$24.7 billion, down from January's total of \$36.3 billion. February CUSIP requests for municipal bonds also reflected this decrease, dropping 16% lower month-over-month, though they remained 5.4% higher year-over-year. Looking ahead, this week's largest deals include:

- 🔗 \$900 million Black Belt Energy Gas District Gas Project Revenue Bonds, 2025 Series B (Baa1/-/-)
- 🔗 \$650 million South Carolina Public Service Authority Revenue Bonds (-/A/-/-)
- 🔗 \$602.81 million Pennsylvania Turnpike Commission Turnpike Revenue Bonds, Series A and B (Aa3/-/-)



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**DEALS LAST WEEK:**

- ✦ The California Infrastructure and Economic Development Bank priced \$2 billion of unrated AMT bonds for Brightline West on Thursday. The transaction was previously on day-to-day status but entered the market Thursday afternoon. The bonds had a 2065 maturity date, a 9.5% coupon, priced at a discount, and are callable at a premium. The transaction did very well in the order period and had over 75 investors participate.
- ✦ Houston Independent School District (PSF Aaa/AAA/NR/NR, underlying Aaa/AA+/NR/NR) priced \$150 million PSF Refunding Limited Tax Bonds and \$20 million Non-PSF Maintenance Tax Refunding Bonds, both of which were tenders. The spreads remained mostly unchanged entering the preliminary order period following premarketing on Tuesday excluding the 2042 maturity, in which they switched from a 4% to a 5% coupon and lowered the spreads 23 basis points. The transactions did very well in the institutional order period and were bumped 2-7 basis points throughout, excluding 2036.
- ✦ The Board of Regents of Texas Tech University System (Aa1/NR/AA+/AA+) priced \$306 million tax-exempt Revenue Financing System Refunding and Improvement Bonds and \$37 million taxable Revenue Financing System Bonds. Both the tax-exempt and taxable series did very well and were mostly oversubscribed for. The tax-exempt portion was bumped 1-7 basis points excluding 2043, 2044, and 2055, and the taxable was bumped 3-6 basis points, excluding the 2045 term.

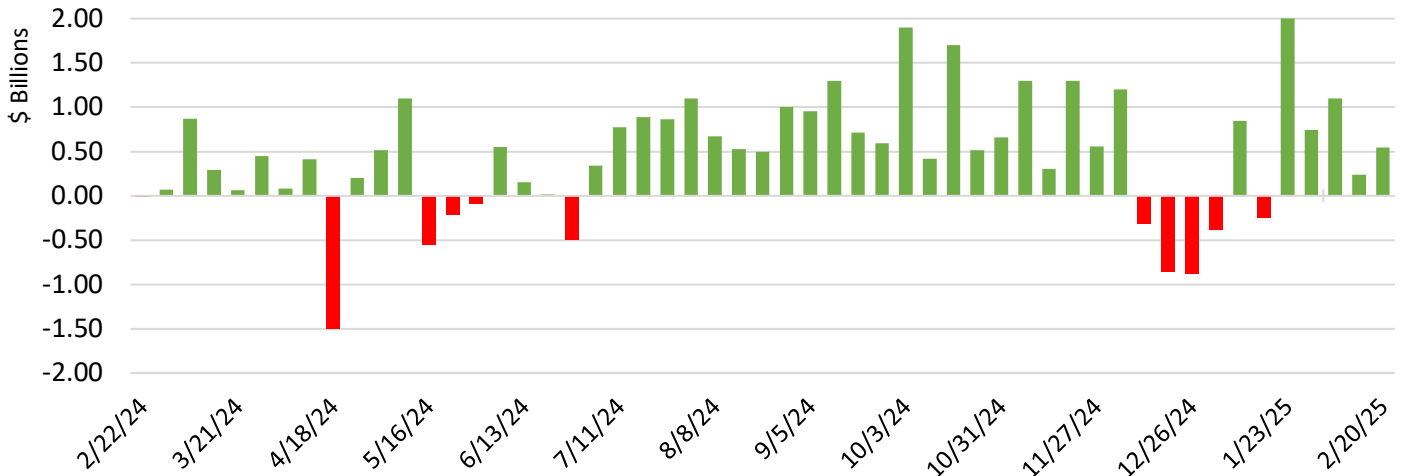


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**MUNICIPAL FUND FLOWS**

Week Ended 2/21/2025 saw inflows of \$546 million

Source: Lipper



**UPCOMING NEGOTIATED CALENDAR**

Size (\$mm)	Issuer	State	Description
900.000	The Black Belt Energy Gas District	AL	Gas Project Revenue Bonds
650.000	South Carolina Public Service Authority	SC	Revenue Obligations, Improvement Series A, Refunding Series B and Improvement Series C
602.810	Pennsylvania Turnpike Commission	PA	Turnpike Revenue Bonds
600.000	New York City Municipal Water Finance Authority	NY	Water and Sewer Second General Resolution Revenue Bonds
379.080	Bay Area Toll Authority	CA	Toll Bridge Revenue Bonds
333.435	Auburn University	AL	General Fee Revenue Bonds
318.015	Idaho Housing and Finance Association	ID	Sales Tax Revenue Bonds Transportation Expansion and Congestion Mitigation Fund
250.000	Idaho Housing and Finance Association	ID	Single Family Mortgage Bonds
208.080	Georgia Housing and Finance Authority	GA	Single Family Mortgage Bonds
175.720	Carroll City - County Hospital Authority	GA	Revenue Anticipation Certificates
100.000	Industrial Development Auth. of the City of Phoenix and the County of Maricopa	AZ	Single Family Mortgage Revenue Bonds
100.000	Massachusetts Development Finance Agency	MA	Refunding Revenue Bonds Boston University
99.000	Toledo City School District	OH	General Obligation School Facilities Bonds
92.500	Rhode Island Housing and Mortgage Finance Corporation	RI	Homeownership Opportunity Bonds
78.400	San Francisco Community College District	CA	2025 General Obligation Refunding Bonds
77.700	Alvin Independent School District	TX	Schoolhouse Bonds
73.680	Metro Water Recovery	CO	Sewer Refunding Bonds
72.500	Coppell Independent School District	TX	School Building Bonds

**NOTABLE FIXED DEALS FROM LAST WEEK**

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

Southwest Texas College District*				Houston Independent School District**				Sweetwater Union High School District			
TX				TX				CA			
10/1/2035				2/15/2035				2/15/2035			
Tax-Exempt				Tax-Exempt				Tax-Exempt			
10.365				150.535				43.160			
AGC Insured NR/AA/NR/NR				PSF Aaa/AAA/NR/NR				Aa3/NR/AAA/NR			
Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
2026-2030	5.000	2.990-3.150	34-37	2029-2037	5.000	2.910-3.360	17-26	2026	5.000	2.520	(14)
2031	3.750	3.220	39	2039-2042	5.000	3.480-3.820	27	2029-2045	5.000	2.570-3.780	(3) - (18)
2032-2041	5.000	3.300-3.980	42-57					2055	4.000	4.140	13
2043	4.125	4.270	72								
2045	4.250	4.430	74								

\*Cabrera served as Senior Manager

\*\*Cabrera served as Co-Manager



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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>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
<b>3-Mar</b>	<b>4-Mar</b>	<b>5-Mar</b>	<b>6-Mar</b>	<b>7-Mar</b>
9:45 AM S&P final U.S. manufacturing PMI	2:20 PM New York Fed President Williams speaks	9:45 AM S&P final U.S. services PMI	8:30 AM Initial Jobless Claims	8:30 AM U.S. jobs report
		10:00 AM Factory orders	8:30 AM U.S. productivity (Final)	8:30 AM U.S. unemployment rate
			8:30 AM U.S. trade deficit	3:00 PM Consumer credit