



CABRERA CAPITAL MARKETS LLC

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MUNICIPAL MARKET WEEKLY UPDATE

Thursday, October 1, 2020

Primary and Secondary Market Recap

By John Kozak, Managing Director and Head of Municipal Sales and Trading

MUNICIPAL MARKET LED BY UNORTHODOX DEALS

Approximately 40% of the \$10 billion in municipal bonds this week were taxable paper, headlined by both North Texas Tollway Authority (\$517 million) and State of Louisiana (\$400 million) general obligation issues. Other considerable deals include Atlanta Hartsfield-Jackson's AMT and non-AMT deals in which the AMT 10-year maturity was priced 30 basis points lower than its non-AMT issue. Erie City Water Authority in Pennsylvania priced a taxable transaction with a year 2060 maturity, extending 10 years longer than a standard deal. Further, the spread was 28 basis points cheaper than a typical 30-year maturity. On the tax-exempt side, Missouri Health and Educational Facilities priced a \$378 million deal for Mercy Health, another example of the search for yield in current market conditions using 3% and 4% coupons.

Brian King, Managing Director
Public Finance Investment Banking
(312) 931-6680
bking@cabreracapital.com

John Kozak, Managing Director
Municipal Sales and Trading
(312) 931-6686
jkozak@cabreracapital.com

Merita Kulpinski, Senior Vice-President
Lead Municipal Underwriter
(312) 931-6654
mkulpinski@cabreracapital.com

| MO HLTH & EDUCNTNL FACS | ST MO | Tax FED & ST TAX-EXEMPT | Type | NEG | 93 Financials |
|---------------------------|--|-------------------------|-------|-------|---------------|
| Summary | | Maturity Amt(M) | Cpn | P/Y | Sprd CUSIP |
| Sale Date | 09/28/20 | 1) 06/01/2050 29500.0 | 4.000 | 2.680 | 111 60637ARF1 |
| Amount | 378,570,000.00 | 2) 06/01/2050 7400.0 | 3.000 | 3.050 | 148 60637ARE4 |
| Manager | BANK OF AMERICA MERRILL | 3) 06/01/2053 225005.0 | 4.000 | 2.780 | 120 60637ARH7 |
| Bond Type | REVS | 4) 06/01/2053 116665.0 | 3.000 | 3.150 | 157 60637ARG9 |
| Dated Date | 10/13/20 | | | | |
| 1st Coupon | 12/01/20 | | | | |
| Deal number | 453836 | | | | |
| Rating/Enhancement | | | | | |
| Moody's | A1 | ERP | | | |
| S&P | A+ | | | | |
| Fitch | | | | | |
| KBRA | | | | | |
| Enhancement | | | | | |
| Schedules | | | | | |
| Prem Call | | | | | |
| Par Call | 06/01/30 | | | | |
| Other Info | | | | | |
| 1st Settle | 10/13/20 | | | | |
| Form/Dep | BOOK-ENTRY,DTC | | | | |
| Price Status | FINAL | | | | |
| Notes | DENOMS: \$5,000/\$5,000 -AUTH -MERCY HEALTH | | | | |



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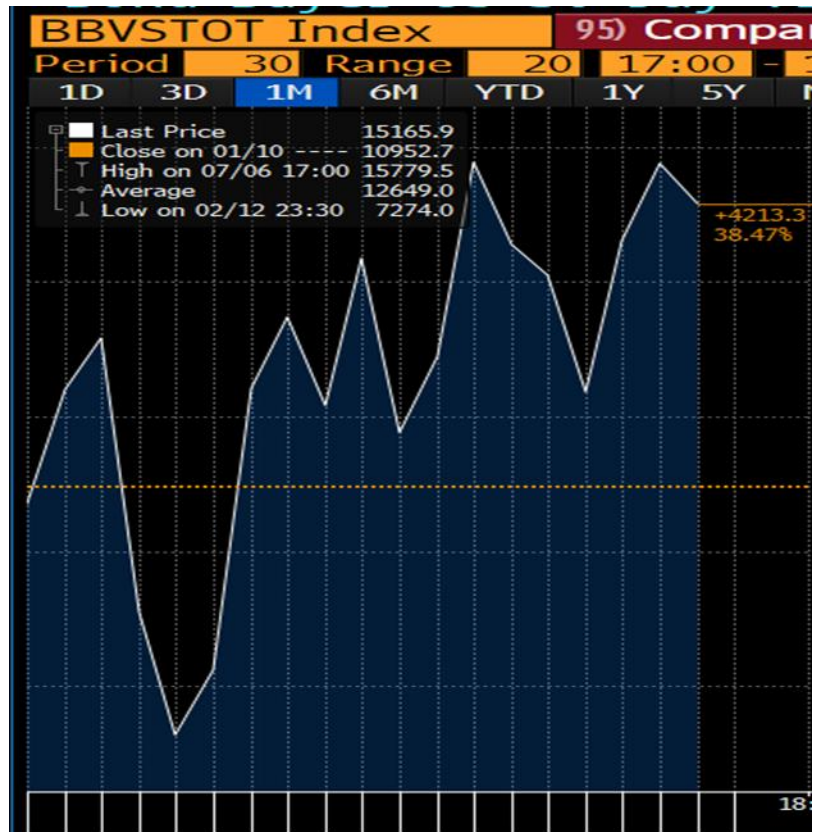
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QUIET ENDING TO QUARTER IN SECONDARY ACTIVITY

The secondary market was quiet as the third quarter ended. Following a pattern seen since early August, secondary trading has taken a back seat to primary market issuance. Municipal bond trading chat rooms are buzzing with rumors of the hidden calendar, as there appears to be a building supply as issuers continue to push hard to come to market before the November elections. Waiting in the wings are customers who have retreated from secondary activity. Municipal bond yields, as measured by Muni Market Data (MMD), have moved just a few basis points since last August. The lack of volatility has removed any sense of urgency from the market.

Customers are fully aware that as supply side pressure enters the market, we could experience a shift to higher yields. Further, as multiple deals come to market simultaneously, we could see the rates needed to clear the market move higher, forcing various deals to raise yields to attract customer dollars.

Bond Buyer Visible Supply





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NOTABALE AWAY PRINTS

| Size (\$m) | Issuer | Coupon | Maturity | Yield | Spread |
|------------|-----------------------|--------|------------|-------|--------|
| 1130 | LAKE CNTY IL GO REF | 4.00 | 11/30/2027 | 0.81 | 30 |
| 5000 | ILLINOIS ST GO BDS | 5.00 | 06/01/2024 | 2.90 | 272 |
| 5000 | CHICAGO IL O HARE | 4.00 | 01/01/2035 | 2.29 | 109 |
| 5000 | ILLINOIS ST GO BDS | 5.00 | 11/01/2026 | 3.35 | 297 |
| 3100 | CHICAGO IL BOE GO RE | 5.00 | 12/01/2031 | 2.77 | 182 |
| 965 | COOK CNTY IL CMNTY | 4.00 | 12/01/2041 | 2.28 | 83 |
| 2065 | LOS ANGELES CA MUN | 5.00 | 11/01/2024 | 0.27 | 9 |
| 5MM | LOS ANGELES CNTY CA | 5.00 | 06/01/2030 | 1.00 | 14 |
| 2375 | SOUTH PLACER WASTEWAR | 5.00 | 11/01/2033 | 1.54 | 43 |
| 1825 | CA PUB WKS BRD LEASE | 5.00 | 11/01/2022 | 0.20 | 7 |
| 3040 | CA PUB WKS BRD LEASE | 5.00 | 11/01/2026 | 0.54 | 16 |
| 1540 | LOS RIOS CA CMNTY CO | 5.00 | 08/01/2026 | 0.23 | -14 |
| 1045 | CA UNIV BDS 2018 | 5.00 | 11/01/2023 | 0.21 | 7 |
| 5000 | GOLDEN ST TOB SECURI | 5.30 | 06/01/2037 | 3.22 | 193 |
| 2500 | GOLDEN ST TOB SECURI | 5.00 | 06/01/2047 | 3.20 | 161 |
| 1200 | SAN FRANCISCO CA MUN | 5.00 | 03/01/2024 | 0.35 | 19 |
| 1645 | CA UNIV SYSTEMWIDE | 5.00 | 11/01/2024 | 0.23 | 5 |
| 2000 | CT ST GO REF BDS | 5.00 | 02/15/2022 | 0.24 | 12 |
| 1500 | PA TPK COM TPK SUB B | 5.00 | 12/01/2046 | 2.15 | 57 |
| 1500 | ILLINOIS ST TOLL HWY | 5.00 | 01/01/2031 | 1.31 | 41 |