



CABRERA CAPITAL MARKETS LLC

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MUNICIPAL MARKET WEEKLY UPDATE

Thursday, March 31, 2022

Primary and Secondary Market Recap

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

THIS WEEK'S PRIMARY MARKET ACTIVITY

The California Health Facilities Financing Authority priced a \$1B Taxable transaction. The deal garnered a lot of interest with spreads being tightened by as much as 20 basis points. The New York City Transitional Finance Authority priced its 3rd Negotiated transaction this year. This deal came at much wider spreads (+75 vs. +46) than the January transaction. After a 2-day order period, \$320M in orders were received. The deal did well during the Institutional order period and was bumped as much as 5 basis points. The University of Connecticut priced a \$220M Tax-Exempt issue. Good interest through 2034 allowed for bumps of 1-5 basis points while 2035 and longer remained unchanged. The Los Angeles Department of Water and Power priced a \$358M Tax-Exempt issue. The deal was priced as much as 10 basis points wider than the Premarketing scale. The deal had good interest and was bumped as much as 8 basis points. Another deal of note was a \$389M Broward County Florida Convention Center Hotel First Tier Revenue Bonds transaction. This is the first time we have seen a 5.5% coupon printed out long in several years. Next week's calendar has a \$1.3B New York Transportation for JFK Airport AMT deal and a \$1.1B DFW Airport Taxable transaction leading the way.

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

97) Options		104) Settings		Negotiated Calendar: Deal Details				
BROWARD CO -REV				St FL	Tax FED & ST TAX-EXEMPT	Type NEG	Financials	Attachment
Summary				Maturity	Amt(M)	Cpn	P/Y CUSIP	FIGI
Sale Date	03/28/22	1)	01/01/2027	6410.0	5.000	2.390	115012AA4	BBG016FNLW22
Amount	389,495,000.00	2)	01/01/2028	6730.0	5.000	2.480	115012AB2	BBG016FNLW31
Manager	CITIGROUP GLOBAL MKTS	3)	01/01/2029	7065.0	5.000	2.550	115012AC0	BBG016FNLW40
Bond Type	REVS	4)	01/01/2030	7415.0	5.000	2.620	115012AD8	BBG016FNLW68
Dated Date	04/19/22	5)	01/01/2031	7790.0	5.000	2.710	115012AE6	BBG016FNLW77
1st Coupon	01/01/23	6)	01/01/2032	8180.0	5.000	2.790	115012AF3	BBG016FNLW86
Deal number	479722	7)	01/01/2033	8585.0	5.000	2.860	115012AG1	BBG016FNLW95
Rating/Enhancement		8)	01/01/2034	9020.0	5.000	2.910	115012AH9	BBG016FNLWB2
Moody's	Aa1	9)	01/01/2035	9465.0	5.000	2.970	115012AJ5	BBG016FNLWC1
S&P	AAA	10)	01/01/2036	9940.0	5.000	3.010	115012AK2	BBG016FNLWD0
Fitch	AA+ (AA+)	11)	01/01/2037	10440.0	5.000	3.060	115012AL0	BBG016FNLWF8
KBRA		12)	01/01/2038	10960.0	5.000	3.080	115012AM8	BBG016FNLWG7
Enhancement		13)	01/01/2039	11505.0	5.000	3.100	115012AN6	BBG016FNLWH6
Schedules		14)	01/01/2040	12085.0	5.000	3.110	115012AP1	BBG016FNLWK2
Prem Call		15)	01/01/2041	12685.0	4.000	3.320	115012AQ9	BBG016FNLWL1
Par Call	01/01/32	16)	01/01/2042	13195.0	4.000	3.340	115012AR7	BBG016FNLWM0
		17)	01/01/2047	75830.0	5.000	3.320	115012AS5	BBG016FNLWN9
Other Info		18)	01/01/2051	49090.0	4.000	3.610	115012AT3	BBG016FNLWQ6
1st Settle	04/19/22	19)	01/01/2051	25000.0	3.250	3.800	115012AU0	BBG016FNLWP7
Form/Dep	BOOK-ENTRY,DTC	20)	01/01/2055	88105.0	5.500	3.350	115012AV8	BBG016FNNQJ5
Price Status	FINAL							
Notes	DENOMS: \$5,000/\$5,000 -Convention Center Hotel First Tier Revenue Bonds							



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THIS WEEK'S SECONDARY MARKET ACTIVITY

Secondary Recap: The market continues to feel pressure from the global rise in rates due to inflation and the strong negative technical bias. The 10-year MMD sold off 9 basis points from last Thursday's publication. While not official, there did appear to be a small rebound with as much as a 4 basis point bump looking imminent.

Muni	3/24	3/31	Change
5-Year	1.86	2.01	15 bps
10-Year	2.13	2.22	9 bps
30-Year	2.51	2.57	6 bps

The small bounce in rates was welcome as both buy and sell side parties were experiencing fatigue in what has amounted to be a one-directional market. Considering the staggering rise in rates, municipals offer some value here and it's no surprise to anyone that we are finally seeing some buyers step in and take advantage of the higher yields.

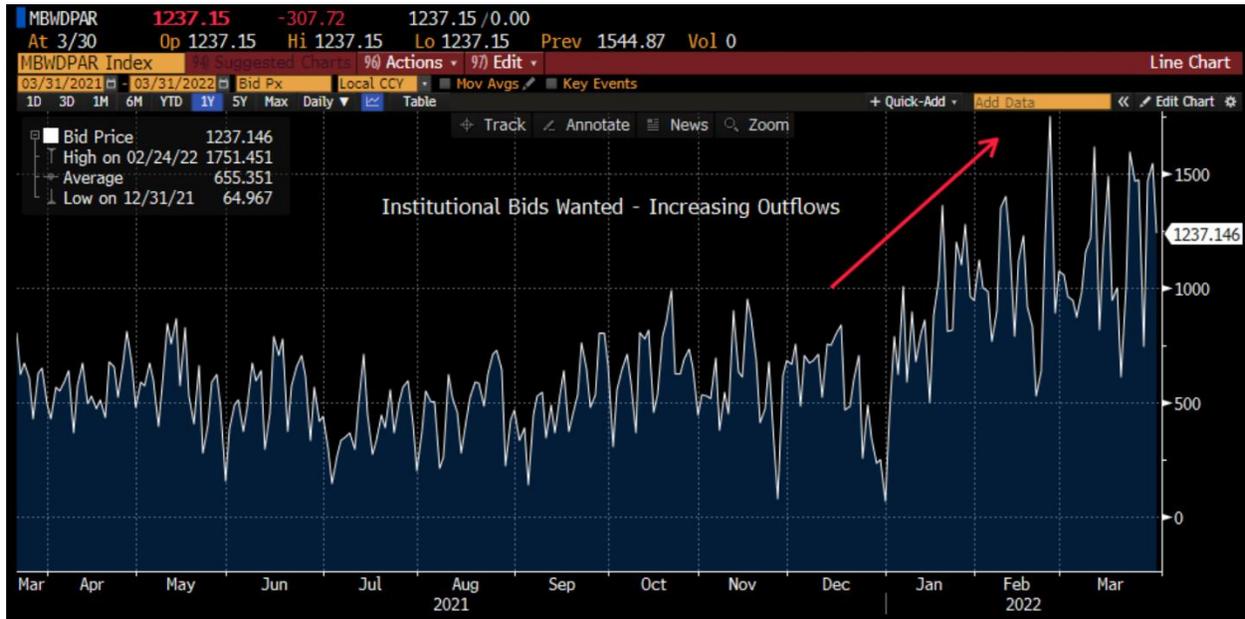


Earlier today Lipper reported outflows of \$2 billion. This follows a \$1.5 billion outflow last week and makes it 7 weeks in a row of outflows. Institutional bids wanted are an easy way to see sell side pressure and as shown, bonds being put out for the bid by customers has moved higher with most daily lists exceeding \$1.5 billion.



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Quarter End: According to Bloomberg, municipal bond performance over the past quarter was the worst in 40 years. The market is down 6.4%, which puts municipals in line with other markets globally. Domestically, stocks closed down 550 points today also logging in their worst quarter in two years. It's been a difficult start to 2022 all around. However, despite these short-term gyrations, it's important to look at the historical significance of these changes. What may seem extreme in the moment is often paved over with long term perspective. Despite municipals having a difficult quarter, these rate changes ultimately bring in new investors who will once again, lead municipals on the path to performance.

