



CABRERA CAPITAL MARKETS LLC

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MUNICIPAL MARKET WEEKLY UPDATE

Thursday April 8, 2021

Primary and Secondary Market Recap

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

DEMAND SPIKES IN PRIMARY MARKET

Miami-Dade County priced \$612 million in tax-exempt water and sewer revenue bonds. Demand for this deal was robust and the 4% and 5% coupons were bumped 10-15 basis points, while the 3% coupons were bumped 4-9 basis points. The spread between 3% and 4% coupons in 30 years widened to 31 basis points on this deal. Dallas Independent School District priced a \$410 million taxable issue, and the strongest demand was in the longest maturity (2034), which was bumped 20 basis points. The University of Texas priced a \$381 million tax-exempt issue that had a lot of interest and the entire scale was bumped. The 4% coupons garnered the most interest and were bumped 11 basis points. The Massachusetts Bay Transportation Authority priced a \$604 million tax-exempt issue for which demand was strong and levels were bumped by as much as 10 basis points.

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

MIAMI-DADE COUNTY -REV		St FL	Tax FED & ST	TAX-EXEMPT	Type	NEGT	Financials	Attachments
Summary			Maturity	Amt(M)	Cpn	P/Y CUSIP	FIGI	
Sale Date	04/05/21	1	10/01/2030	17640.0	5.000	1.16059334DLZ5	BBG00ZLWWSR5	
Amount	611,815,000.00	2	10/01/2031	18545.0	5.000	1.24059334DMA9	BBG00ZLWWS5T3	
Manager	BANK OF AMERICA MERRILL	3	10/01/2032	19495.0	5.000	1.33059334DMB7	BBG00ZLWWS5W9	
Bond Type	REVS	4	10/01/2033	20390.0	4.000	1.52059334DMC5	BBG00ZLWWS5X8	
Dated Date	04/20/21	5	10/01/2034	21225.0	4.000	1.58059334DMD3	BBG00ZLWWS5Y7	
1st Coupon	10/01/21	6	10/01/2035	22090.0	4.000	1.63059334DME1	BBG00ZLWWS5Z6	
Deal number	463387	7	10/01/2036	22875.0	3.000	1.87059334DMF8	BBG00ZLWWS602	
Rating/Enhancement		8	10/01/2037	23695.0	4.000	1.73059334DMG6	BBG00ZLWWS611	
Moody's	Aa3	9	10/01/2038	24660.0	4.000	1.77059334DMH4	BBG00ZLWWS620	
S&P	AA-	10	10/01/2039	25665.0	4.000	1.81059334DMJ0	BBG00ZLWWS648	
Fitch	A+ (A+)	11	10/01/2040	26580.0	3.000	2.11059334DMK7	BBG00ZLWWS657	
KBRA		12	10/01/2041	27525.0	4.000	1.91059334DML5	BBG00ZLWWS666	
Enhancement		13	10/01/2042	28650.0	4.000	1.96059334DMM3	BBG00ZLWWS675	
Schedules		14	10/01/2043	29670.0	3.000	2.28059334DMN1	BBG00ZLWWS684	
Prem Call		15	10/01/2044	30730.0	4.000	2.00059334DMP6	BBG00ZYXTT89	
Par Call	04/01/31	16	10/01/2046	65275.0	4.000	2.04059334DMQ4	BBG00ZYXTT98	
Other Info		17	10/01/2048	70705.0	4.000	2.11059334DMR2	BBG00ZYXTT85	
1st Settle	04/20/21	18	10/01/2051	60000.0	4.000	2.14059334DMT8	BBG00ZYXTT83	
Form/Dep	BOOK-ENTRY,DTC	19	10/01/2051	56400.0	3.000	2.45059334DMS0	BBG00ZYXTT84	
Price Status	FINAL							
Notes	DENOMS: \$5,000/\$5,000 WATER & SEWER REV BONDS							

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 4565 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2021 Bloomberg Finance L.P.
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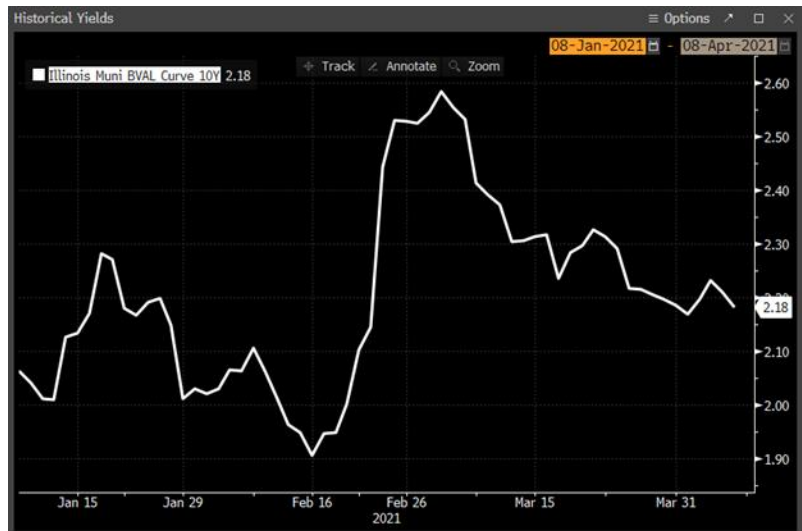
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STIMULUS PLANS BOOST ILLINOIS

Illinois GOs rallied after the February selloff, but not because of an improvement in the state's finances. Instead, this optimistic charge into Illinois GOs was driven by the potential economic impact of the two recent federal stimulus plans: the \$1.9 trillion-dollar economic rescue package and the \$2.25 trillion dollar infrastructure plan.

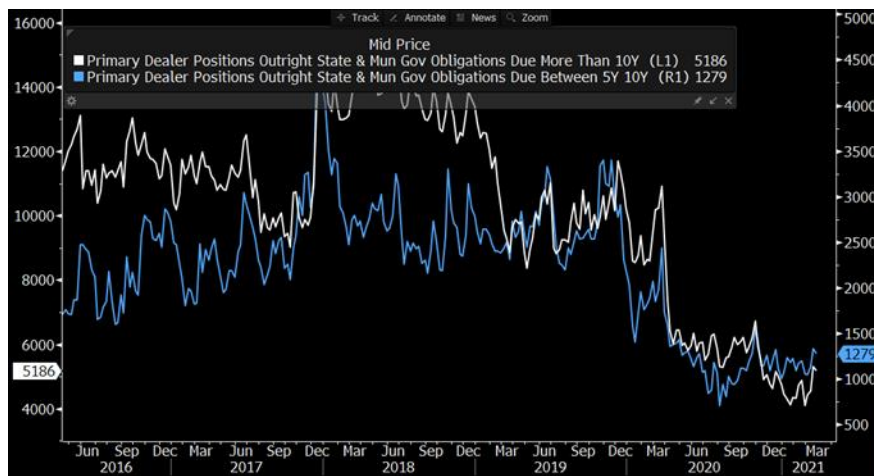
Illinois wants to use some of the \$7.5 billion of federal aid that it should receive under the American Rescue Plan to pay off some unpaid bills and pay down some short-term debt, according to Deputy Governor Dan Hynes. Illinois is the only state that tapped the Fed for a loan after credit markets stalled in the spring of 2020. At that time, yields on IL debt reached highs of more than 6% for 10-year bonds - they are currently hovering in the 2% range. While Illinois is still trying to navigate its \$141 billion unfunded pension, paying down debt and paying unpaid bills are the sorts of actions that would relieve some pressure and could begin the process of improving its credit ratings. In March, both S&P and Moody's improved their outlook on the state from NEG to STABLE.

10 Year Illinois Yield Curve



DEALER CONFIDENCE IS INTACT

One source of confidence in the market is the ability and willingness of dealers to provide liquidity to customers and issuers alike. Dealer inventories have managed to trend toward their historical lows, giving them ample room to “take it up” when the opportunity arises.

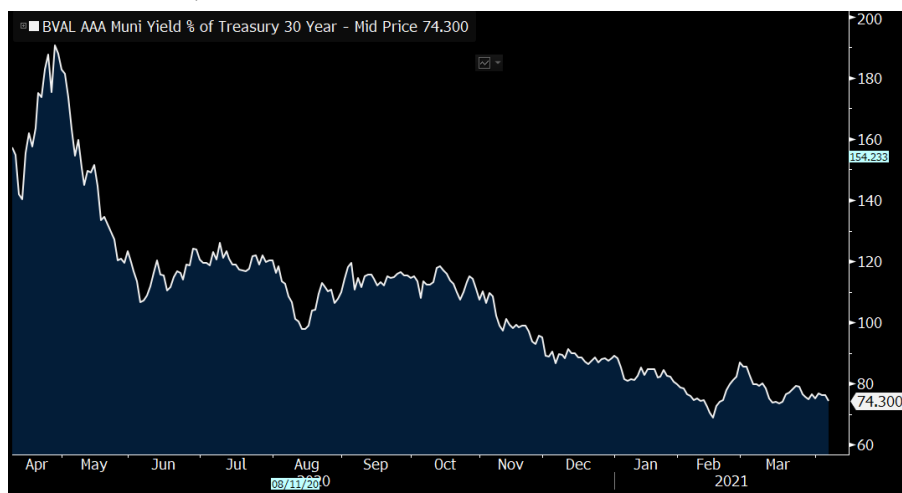




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In low volume times, this willingness to participate translates into aggressive bidding, driving both yields and ratios lower. The chart below shows long duration municipals once again approaching historical levels of “richness” versus Treasuries. The same can be said for just about any part of the muni curve 5 years and longer. The front of the curve has “relative” value but with absolute yields in both Treasuries and municipals approaching 0%, the absolute level of return has many seeking returns elsewhere on the curve. What remains unknown is how fragile the market is. When ratios last approached these levels, a TRSY retreat pulled municipals along with them and we had a 45-basis point sell off in 8 trading sessions. With Treasuries seemingly locked into a tight range between 1.60%-1.75% the market feels good but with inflation hawks seeing 10s move to 2%, there could be some down markets just around the corner.





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NOTABLE AWAY PRINTS

Size (\$m)	Issuer	Coupon	Maturity	Yield	Spread	Call Date	Insurance
Illinois							
1000	ILLINOIS ST GO**	5.00	10/01/2030	1.98	94	10/01/2028	None
California							
4380	MESA CA WTR DIST COP	5.00	03/15/2050	1.76	8	03/15/2030	None
5000	LOS ANGELES CNTY CA	5.00	07/01/2044	1.59	-1	07/01/2031	None
2000	LOS ANGELES CNTY CA	5.00	07/01/2038	1.35	-2	07/01/2031	None
900	CSCDA CMNTY IMPT AUT	5.00	01/01/2054	3.10	141	01/01/2031	None
2500	LOS ANGELES CNTY CA	5.00	07/01/2035	1.18	-7	07/01/2031	None
2500	CA CMNTY HSG AGY WOR	5.00	04/01/2049	3.19	152	04/01/2029	None
2100	SAN FRANCISCO CA	5.00	05/01/2032	1.32	18	05/01/2031	None

*Only includes bonds with call dates greater than or equal to 5 years from today

**This was a Cabrera trade