



CABRERA CAPITAL MARKETS LLC

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MUNICIPAL MARKET UPDATE

Public Finance

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PRIMARY MARKET ACTIVITY

The New Year has started with a bang for municipal bonds as we witnessed yet another rally in municipals, and this is as we enter one of the largest municipal primary market weeks in months, at approximately \$10 billion. Municipal benchmark rates rallied anywhere from 11 to 17 basis points and ended the week at, 2.43% (1-year), 2.21% (5-year), 2.40% (10-year), 3.03% (20-year) and 3.24% (30-year). The supply/demand ratio is out of balance as supply has been dormant since the beginning of November, yet investors have plenty of reinvestment funds and cash to put to work, which is why so far in 2023, we have seen high grade municipal bond transactions perform so well. To add to the positivity in the market, last week municipal fund flows were positive to the tune of \$2 billion, the largest municipal bond inflow we have seen in well over a year, thus the huge demand. Municipal bonds are proving to be the investment of choice as the recession looms or has arrived depending on your viewpoint. Weekly SIFMA has settled from its highs in December at 2.50%, down from 3.13% the week prior and 3.66% two weeks ago, good news for VRDO, CP and put bond issuers.

The CPI/Inflation report was released last week with more good news that inflation hit the lowest point in over a year. Year-over-year December inflation came in at 6.5%, down from 7.1% in November which marked the sixth month in a row of decreasing inflation. June 2022 was the peak of inflation at 9.1%, however we are still a while away from the pre pandemic target levels of 1%-2.5%. The next Fed meeting is scheduled for February 1st and economists believe there is a 95% probability of a 25 basis point hike, down from the standard 75 and 50 basis point hikes we saw in the latter half of 2022. The Treasury market is its own entity these days and continues to steepen unlike anything we have seen in years, as an example, the 1-month and 6-month T-Note are yielding 4.58% and 4.77% respectively, while the 10-year and 30-year Treasury are yielding 3.49% and 3.61%, respectively. This is great news for short term public investments.

This week Cabrera Capital will be Co-Senior on two transactions in the market, a \$735 million City of Chicago Sales Tax Securitization Corporation financing and a \$539 million Austin ISD transaction. Other deals in the market this week include a \$542 million Miami Dade County deal, a \$542 million Dallas ISD transaction, a \$160 million New Jersey EDA issue, a \$161 million City of Kansas City deal and a \$12 million Alamo Heights ISD amongst others.

Last week in the primary market, Plano Independent School District, Texas priced \$600 million in Tax-Exempt bonds. Overwhelming demand led to bumps of as much as 13 basis points on the repricing. Tomball Independent School District, Texas priced a \$233 million Tax-Exempt bond issue as well. The deal was oversubscribed throughout and bumped 2-15 basis points. This week's calendar is about \$10 billion.



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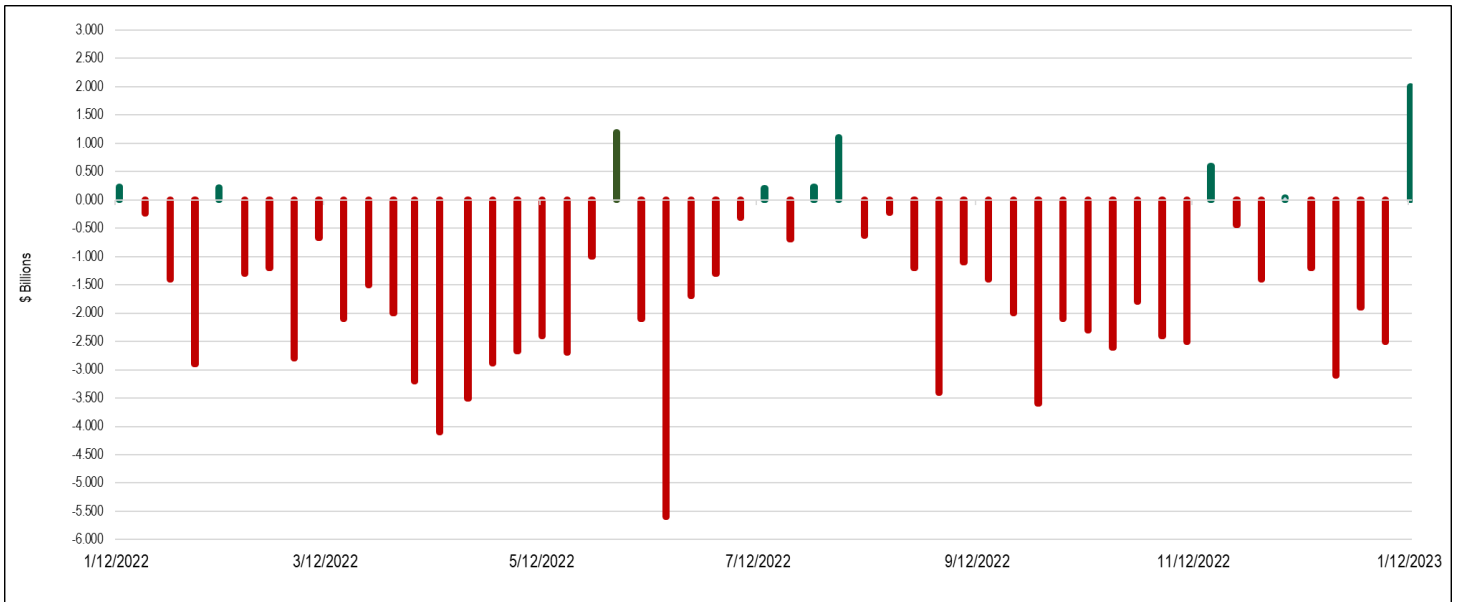
INTEREST RATE SNAPSHOT

Benchmark	Maturity	1/13/2023 AAA MMD	Change from Last Week (bps)	1/13/2023 U.S. Treasury	Change from Last Week (bps)	Muni/UST Ratio	Date of Week End	SIFMA Index	Municipal Fund Flow (in Millions)	1-Month BBA LIBOR	12-Month BBA LIBOR
1	2024	2.43	-11	4.69	-2	51.81%	1/13/2023	2.50	\$2,000	4.46	5.41
2	2025	2.27	-14	4.22	-2	53.79%	1/6/2023	3.13	(\$2,500)	4.40	5.49
3	2026	2.20	-18	3.88	-8	56.70%	12/30/2022	3.66	(\$1,900)	4.37	5.44
5	2028	2.18	-18	3.60	-9	60.56%					
10	2033	2.31	-17	3.49	-6	66.19%					
20	2043	3.03	-16	3.79	-5	79.95%					
30	2053	3.24	-16	3.61	-6	89.75%					

MUNICIPAL FUND FLOWS

Week Ended 1/13/2023 saw inflows of \$2.0 billion

Source: Lipper



UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
700.000	Tennessee Energy Acquisition Corporation	TN	Gas Project Revenue Refunding Bonds
696.230	Main Street Natural Gas, INC.	GA	Gas Supply Revenue Bonds
542.505	Miami-Dade County	FL	Seaport Revenue Refunding Bonds
542.500	Dallas Independent School District	TX	Unlimited Tax School Building and Refunding Bonds
539.215	Austin Independent School District*	TX	Unlimited Tax School Building Bonds
510.110	State of Connecticut Health and Educational Facilities Authority	CT	Revenue Bonds Yale University Issue
430.638	Sales Tax Securitization Corporation*	IL	Sales Tax Securitization Bonds, Taxable
352.525	JobsOhio Beverage System	OH	Statewide Senior Lien Liquor Profits Taxable Revenue Bonds
305.248	Sales Tax Securitization Corporation*	IL	Sales Tax Securitization Bonds
300.000	Orange County Health Facilities Authority	CA	Hospital Revenue Bonds
175.910	Louisiana Public Facilities Authority	LA	Revenue and Refunding Bonds
164.870	Parish School Board of the Parish of Lafayette	LA	Sales Tax Revenue Bonds
160.000	New Jersey Economic Development Authority	NJ	State Lease Revenue Bonds
146.130	Birdville Independent School District	TX	Unlimited Tax School Building Bonds
127.665	Hazelwood School District	MO	General Obligation Refunding Bonds

*Cabrera will serve as Co-Senior Manager



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NOTABLE FIXED DEALS FROM LAST WEEK

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

Issuer State Call Tax Status Size (\$mm) Ratings	Plano Independent School District				Tomball Independent School District				Municipal Electric Authority of Georgia			
	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
	2024-2038	5.00	2.53-3.15	2-16	2024-2038	5.00	2.50-3.14	(1)-24	2025-2064	5.00	2.56-4.65	27-134
	2039	3.625	3.73	70	2039	3.625	3.68	75				
	2041	3.75	3.79	73	2040	3.75	3.75	78				
	2041-2043	5.00	3.40-3.44	31-30	2041	3.75	3.81	81				
					2042-2048	5.00	3.40-3.62	37-35				
					2048	4.125	4.06	79				

ECONOMIC CALENDAR (ALL TIMES IN ET)

Monday	Tuesday	Wednesday	Thursday	Friday
16-Jan	17-Jan	18-Jan	19-Jan	20-Jan
Martin Luther King Jr. Day	8:30 AM Empire State Manufacturing Index	8:30 AM Retail Sales	8:30 AM Initial Jobless Claims	10:00 AM Existing Home Sales (SAAR)
		8:30 AM Producer Price Index, Final Demand	8:30 AM Continuing Jobless Claims	
23-Jan	24-Jan	25-Jan	26-Jan	27-Jan
10:00 AM Leading Economic Indicators	9:45 AM S&P U.S. Manufacturing PMI	None Scheduled	8:30 AM Initial Jobless Claims	8:30 AM Real Disposable Income & Real Consumer Spending
	9:45 AM S&P U.S. Services PMI		8:30 AM Continuing Jobless Claims	10:00 AM Pending Home Sales