



## CABRERA CAPITAL MARKETS LLC

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# MUNICIPAL MARKET UPDATE

### Public Finance

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## PRIMARY MARKET ACTIVITY

This past week had a rare calm sentiment to the tax exempt municipal market, which was a nice break from the wild ups and downs we have seen over the past few weeks and couple months. Municipal benchmark rates decreased anywhere from 2 to 6 basis points across the curve, with the 5-year, 10-year, 20-year and 30-year rates settling on Friday at 3.22%, 3.36%, 3.86% and 4.08%, respectively. Taxable Treasury rates were up throughout the week with the 1-year rate approaching 5% and settling at 4.76% on Friday. For context, the 1-year Treasury rate started the year at 0.40%, and while this is welcome news for investment of proceeds, it is difficult however to fathom on the taxable municipal issuance side, which has dropped significantly in 2022 as a result of these levels. The 5-year, 10-year and 30-year Treasury yields ended the week up anywhere from 5-7 basis points and settling at 4.33%, 4.14% and 4.27%, respectively.

Furthermore, there was no issuance on Wednesday as a result of the Fed's rate announcement, which did not come as a surprise to anyone. The FOMC raised their benchmark rate 75 basis points to a range of 3.75%-4.25%; this marked the fourth consecutive 75 basis point hike in a row and the sixth rate hike of the year. Another December 14<sup>th</sup> 75 basis point rate hike hinges upon pending economic indicators. One of the most important of those releases is the dreaded CPI/Inflation report which will be released this Thursday November 10<sup>th</sup> at 7:30am CT. Last week's Jobs report hinted that wage growth is beginning to moderate; wage growth was up 4.7% year-over-year in October, down from 5% in September and a consistent theme the two months prior. The next Fed rate decisions take place December 14<sup>th</sup>, January 27<sup>th</sup>, March 17<sup>th</sup> and April 28<sup>th</sup>.

On the variable rate side, the weekly SIFMA index was up 14 basis points last week to 2.38%. As stable as the primary municipal market was last week, fund outflows remained robust at \$2.4 billion from \$1.8 billion the prior week. This week's calendar is below the YTD average with the following deals pricing this week: a Santee Cooper (South Carolina Public Service Authority) \$500 million deal, a Los Angeles USD \$500 million issue, a Baylor Scott and White Health \$246 million transaction, a Pinal County, AZ \$109 million deal, a Clovis USD \$100 million transaction and a Clark County, NV \$83 million issue to name a few.

Last week in the primary market, Kern Community College District, California priced a \$200 million in Tax-Exempt General Obligation Bonds. The deal was 9-19x oversubscribed and was bumped 10-15 basis points. New York State Environmental Facilities Corporation priced a \$323 million Tax-Exempt issue. The deal was oversubscribed throughout and bumped 2-5 basis points. Additionally, Denver Airport was scheduled to price an \$850 million Non-AMT and AMT deal and the deal was upsized to \$1.1 billion before pricing. Spreads were widened 2-7 basis points from Premarketing to Pricing, but strong demand, especially on the Non-AMT series pushed levels lower. On the Non-AMT series, spreads were tightened 2-14 basis points and on the AMT series, spreads were tightened anywhere from unchanged to 7 basis points. The strong demand on the Non-AMT series led to spreads widening between the 2 series. The AMT penalty is 86 basis points in 5 years, 83 basis points in 10 years, 64 basis points in 20 years and about 46 basis points in 30 years. This week's calendar is about \$5 billion led by a \$617 million JOBSOHIO Beverage System Taxable issue



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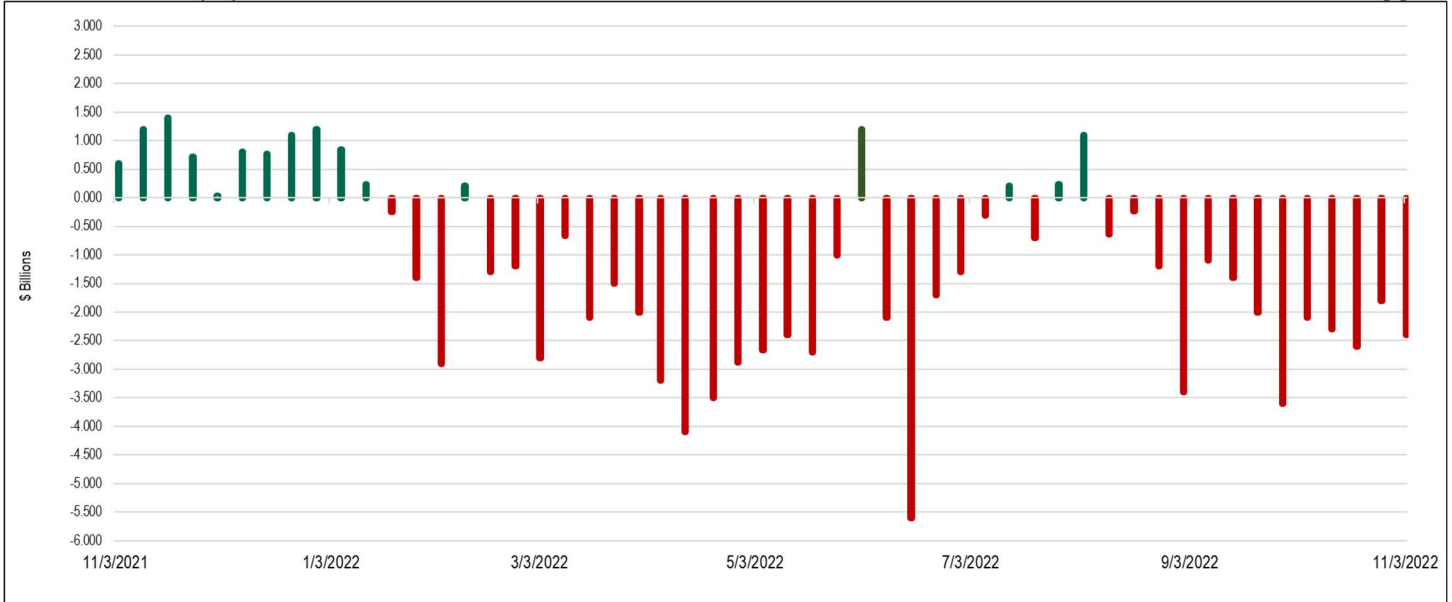
### INTEREST RATE SNAPSHOT

Benchmark	Maturity	11/4/2022 AAA MMD	Change from Last Week (bps)	11/4/2022 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	2023	3.12	-2	4.76	+21	65.55%	11/4/2022	2.38	(\$2,400)	3.85	5.65
2	2024	3.17	-1	4.66	+25	68.03%	10/28/2022	2.24	(\$1,800)	3.75	5.37
3	2025	3.19	-1	4.58	+20	69.65%	10/21/2022	2.37	(\$2,600)	3.57	5.42
5	2027	3.22	-2	4.33	+14	74.36%					
10	2032	3.36	-5	4.17	+15	80.58%					
20	2042	3.86	-6	4.49	+11	85.97%					
30	2052	4.08	-6	4.27	+12	95.55%					

### MUNICIPAL FUND FLOWS

Week Ended 11/4/2022 saw outflows of \$2.4 billion, 13<sup>th</sup> Consecutive Week of Outflows

Source: Lipper



### UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
617.245	JobsOhio Beverage System	OH	Statewide Senior Lien Liquor Profits Taxable Revenue Bonds
500.000	Santee Cooper, South Carolina Public Service Authority	SC	Revenue Obligations
500.000	Los Angeles Unified School District	CA	General Obligation Bonds
300.000	The Johns Hopkins University	MD	Taxable Bonds
246.620	Tarrant County Cultural Education Facilities Finance Corp.	TX	Hospital Revenue Bonds
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200.000	Philadelphia Authority for Industrial Development	PA	Univeristy Revenue Bonds
127.420	Antelope Valley Community College	CA	General Obligation Bonds
112.240	State of Ohio	OH	Major New State Infrastructure Project Revenue Bonds
110.929	Sterling Ranch Community Authority Board	CO	General Obligation Bonds
109.965	Pinal County	AZ	Pledged Revenue Obligations
100.000	Minnesota Housing Finance Agency	MN	Residential Housing Finance Bonds
100.000	Clovis Unified School District	CA	General Obligation Bonds
95.000	Sonoma County Junior College District	CA	General Obligation Bonds
74.990	New Mexico Mortgage Finance Authority	NM	Single Family Mortgage Program Class I Bonds



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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	Denver County				New York State Environmental Facilities Corp.				Kern Community College District			
	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
	2024-2025	5.00	3.94-4.08	80-92	2023-2047	5.00	3.01-4.41	-3-36	2024-2032	5.00	3.05-3.39	-13-0
	2026-2027	5.25	4.15-4.20	97-102	2052	5.25	4.45	33	2033-2041	5.25	3.52-4.30	6-42
	2028-2033	5.50	4.29-4.65	108-125								
	2034-2041	5.75	4.74-5.00	124-120								
	2042	5.00	5.19	137								
	2045	5.75	5.07	116								
	2053	5.00	5.36	132								

\* Full transaction size is \$1,163,250,000

**ECONOMIC CALENDAR (ALL TIMES IN ET)**

Monday	Tuesday	Wednesday	Thursday	Friday
<b>7-Nov</b>	<b>8-Nov</b>	<b>9-Nov</b>	<b>10-Nov</b>	<b>11-Nov</b>
3:00 PM Consumer Credit (level change)	Election Day	9:00 AM Wholesale inventories (revision)	8:30 AM Initial Jobless Claims & Continuing Jobless Claims	Veterans Day Holiday
			8:30 AM Consumer Price Index (Monthly Change & 12- month Change)	10:00 AM Umich Consmer Sentiment
<b>14-Nov</b>	<b>15-Nov</b>	<b>16-Nov</b>	<b>17-Nov</b>	<b>18-Nov</b>
11:00 AM NY Fed 1-year Inflation Expectations	8:30 AM Producer Price Index Final Demand	8:30 AM Retail Sales	8:30 AM Building Permits (SAAR)	10:00 AM Existing Home Sales (SAAR)
11:00 AM NY Fed 5-year Inflation Expectations		10:00 AM Business Inventories	8:30 AM Housing Starts (SAAR)	10:00 AM Leading Economic Indicators