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MUNICIPAL MARKET UPDATE

Public Finance

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PRIMARY MARKET ACTIVITY

Once again, municipal rates took a hit last week as they increased across the board anywhere from 6-18 basis points, with the exception of the 1-year municipal rate, which was down 2 basis points to 3.05%. The front end of the yield curve took the brunt of the pain, the 3-year municipal benchmark rate was up 18 basis points to 2.78%, the 10-year municipal benchmark rate was up 10 basis points to 2.59%, the 20-year municipal benchmark rate was up 8 basis points to 3.38%, and the 30-year municipal benchmark rate was up by 6 basis point at 3.56%. One must go out 7 years to 2030 to get to the lowest point in the MMD curve, which sits at 2.53%, highlighting the municipal yield curve inversion. Additionally, municipal fund flows were unsurprisingly negative this week at \$1.7 billion. Deals that we witnessed this past week performed well with oversubscriptions and significant demand. Supply the past week and into next week is low once again, but there may be some opportunity based on the pent up demand and the recent market correction. Taxable treasuries this past week were up again with the 1-year, 5-year, 10-year and 30-year settling at 5.05%, 4.19%, 3.95% and 3.93%, respectively. Lastly, Municipal/Treasury ratios were not that different on Friday than they were the prior week, with the 3-year, 5-year, 10-year and 30-year at 60%, 61%, 65% and 90%, respectively. Those are still very "rich" ratio levels, meaning very low percentage or price ranges.

Moreover, next Friday's Non-Farm Payroll numbers release will be closely monitored. If you recall, February's release of January's Jobs report was the strongest report in 6 months and the unemployment rate hit a 53 year low. This was a bit of a contrast to the feedback from the Fed's stance a month ago, which came as a surprise to most given the steady decrease in inflation over the past many months. There have been discussions regarding a 6% or higher target Fed Funds rate, which would mean at least three and maybe even four more rate hikes left before the FOMC slows the rate hike process. As previously discussed, the municipal calendar this week is light with transactions pricing from Chicago Board of Education at \$528 million (Cabrera Capital Co-Manager), a Washington Metropolitan Area Transit Authority \$392 million deal, an Illinois Housing Development Authority \$170 million issue, a City of Burbank \$120 million transaction, and a City of Lubbock \$70 million deal (Cabrera Capital Co-Manager).

Last week in the primary market, the City of New York priced a \$688 million Tax-Exempt issue. The deal garnered \$587 million in retail orders and was cheapened by as much as 3 basis points in order to get done. Worthington City School District, Ohio priced a \$234 million Tax-Exempt deal. The issue was oversubscribed and bumped as much as 8 basis points. Renton School District #403, Washington priced a \$299 million Tax-Exempt issue. The deal was 2-9x oversubscribed and bumped as much as 9 basis points. This week's calendar is about \$5.5 billion with 3 deals over half a billion dollars including a Port of Portland AMT Airport issue, a Chicago Public Schools deal and a Southeast Energy Authority transaction. The deal had to get 6 basis points cheaper to get done. They also priced a 2025 put deal. After getting significantly cheaper post premarketing, the deal was 5x oversubscribed and bumped 5 basis points. Several deals were pulled or postponed such as Lubbock, Texas, and Tarrant County Hospital District. This week's calendar is about \$3.5 billion with a \$567 million City of New York transaction headlining the calendar.



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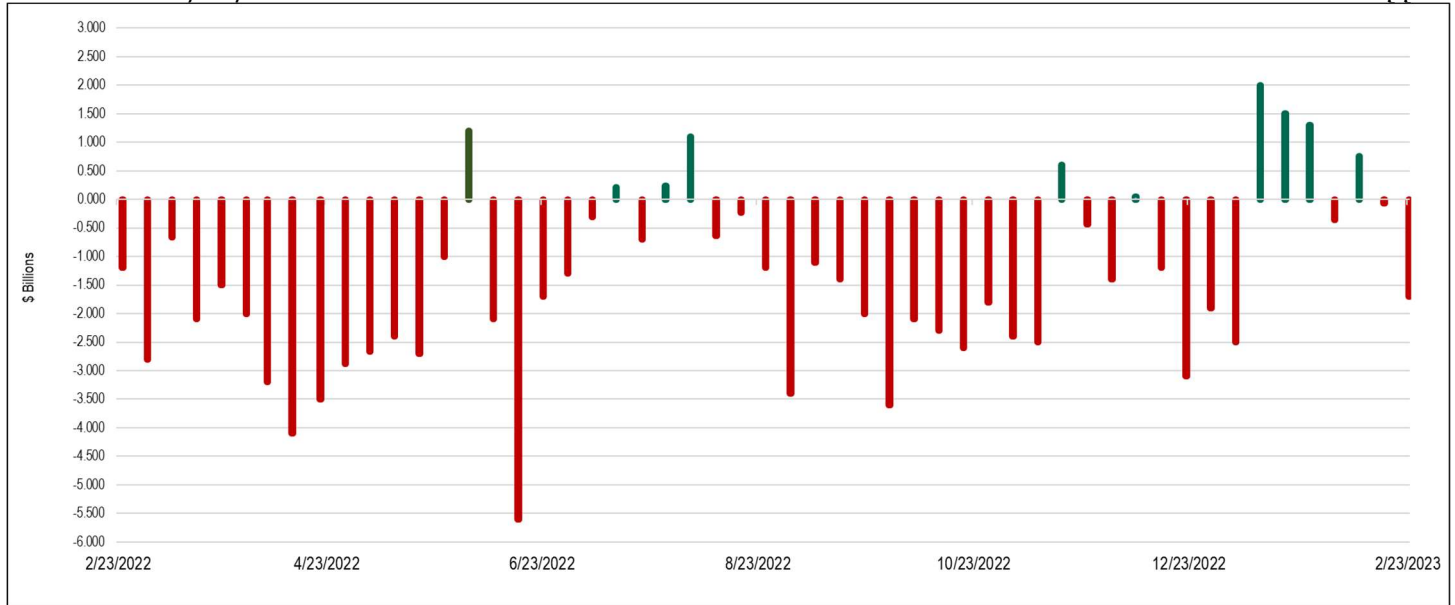
INTEREST RATE SNAPSHOT

Benchmark	Maturity	2/24/2023 AAA MMD	Change from Last Week (bps)	2/24/2023 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	3.03	-2	5.05	+5	60.00%	2/24/2023	3.42	(\$1,700)	4.62	5.64
2	2025	2.95	+16	4.78	+18	61.72%	2/17/2023	3.98	(\$68)	4.60	5.57
3	2026	2.78	+18	4.52	+19	61.50%	2/10/2023	3.74	\$755	4.57	5.46
5	2028	2.61	+14	4.19	+16	62.29%					
10	2033	2.59	+10	3.95	+13	65.57%					
20	2043	3.38	+8	4.11	+10	82.24%					
30	2053	3.56	+6	3.93	+5	90.59%					

MUNICIPAL FUND FLOWS

Week Ended 2/17/2023 saw outflows of \$68 million

Source: Lipper



UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
650.000	Southeast Energy Authority	AL	Commodity Supply Revenue Bonds
583.165	The Port of Portland	OR	Portland International Airport Revenue Bonds
528.995	*City of Chicago Board of Education	IL	Dedicated Capital Improvement Tax Bonds
392.000	Washington Metropolitan Area Transit Authority	DC	Dedicated Revenue Bonds
344.825	Pasco County	FL	Capital Improvement Cigarette Tax Allocation Bonds
230.000	Texas Department of Housing and Community Affairs	TX	Residential Mortgage Revenue Bonds
225.000	Portland Community College	OR	General Obligation Bonds
200.000	San Jose- Evergreen Community College District	CA	General Obligation Bonds
120.000	Illinois Housing Development Authority	IL	Revenue Bonds
120.000	City of Burbank	CA	Burbank Water and Power Electric Revenue Bonds
89.200	Development Authority of Monroe County	GA	Pollution Control Revenue Bonds
75.000	West Virginia Economic Development Authority	WV	Solid Waste Disposal Facilities Revenue Bonds
59.990	*City of Lubbock	TX	General Obligation Bonds
50.000	Illinois Housing Development Authority	IL	Revenue Bonds
14.760	*City of Lubbock	TX	Water and Wastewater System Revenue Bonds

*Cabrera will serve as Co-Manager



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NOTABLE FIXED DEALS FROM LAST WEEK

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

	City of Worthington School District				Renton School District, No. 403				*The City of New York			
	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
Issuer	City of Worthington School District				Renton School District, No. 403				*The City of New York			
State	OH				WA				NY			
Call	12/1/2032				12/1/2032				8/1/2033			
Tax Status	Tax-exempt				Tax-exempt				Tax-exempt			
Size (\$mm)	234.000				299.345				574.165			
Ratings	Aa1/AA+				AAA (Aa3)				Aa2/AA/AA/AA+			
	2024-2048	5.00	3.25-4.01	25-50	2023-2038	5.00	3.18-3.63	0-44	2024-2034	5.00	3.35-3.02	32-37
	2054	5.50	3.99	33	2039-2041	4.00	4.13-4.25	90-95				
					2042	4.25	4.29	94				

*Cabrera served as Co-Manager

ECONOMIC CALENDAR (ALL TIMES IN ET)

Monday	Tuesday	Wednesday	Thursday	Friday
27-Feb	28-Feb	1-Mar	2-Mar	3-Mar
8:30 AM Durable Goods Orders	8:30 AM Advanced Retail Inventories	10:00 am Construction Spending	8:30 AM Initial Jobless Claims	10:00 AM ISM Services
8:30 AM Core Orders	10:00 AM Consumer Confidence			
6-Mar	7-Mar	8-Mar	9-Mar	10-Mar
10:00 AM Factory Orders	10:00 AM Wholesale Trade	8:30 AM U.S. Trade Balance	8:30 AM Jobless Claims	8:30 AM Employment Report
				8:30 AM Unemployment Rate