



## CABRERA CAPITAL MARKETS LLC

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# MUNICIPAL MARKET UPDATE

### Public Finance

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## PRIMARY MARKET ACTIVITY

Last week municipal bond rates decreased across all maturities by 12 to 16 basis points as the jobs report was mixed and a flight to quality trade was in full effect after news of the Silicon Valley Bank collapse. Regarding the mixed Jobs report on Friday, while the unemployment rate increased slightly by 0.2% to 3.6%, the US economy still added 311,000 jobs in February, which is a big number. While Friday's February jobs number was not as sizable as the January number of 504,000, it is still elevated. Chairman Powell last week made comments alluding to more aggressive FOMC hikes than anticipated as a result of recent economic reports, that resulted in Treasuries increasing in yields – by Friday however Treasuries began to settle as the flight to quality took over given the previously mentioned Silicon Valley Bank news. All eyes will be on both the CPI report and the payroll number next week; it will be a barometer for the FOMC's next 25 or 50 basis point hike – the next FOMC rate decision is March 22nd and CPI is on Tuesday, March 14th.

Furthermore, the short end of the municipal bond curve remains inverted; however, the first three years of the yield curve did decrease the most across the curve – 13 to 16 basis points. The 2-year, 5-year, 10-year, 20-year and 30-year municipal benchmark yields closed on Friday at 2.83%, 2.59%, 2.51%, 3.30% and 3.48%, respectively. The 1-year municipal rate is 2.84% and the next highest rate is in 2036, which is 2.89%. This week marked the fourth week in a row of municipal fund outflows and weekly SIFMA has come down over 120 basis points in a matter of two weeks. Municipal bond deals in the market that we monitored performed extremely well with most deals being oversubscribed, and Separately Managed Accounts (SMA's) were very active on primary market deals. As far as Treasuries, mid last week the 2-year to 10-year Treasury rates hit its widest inversion in 42 years. By the end of the week Treasuries rallied back making up a lot of ground. From Wednesday to Friday, the 6-month and 1-year Treasury rates rallied by 17 basis points to 5.17% and 35 basis points to 4.90%, respectively—the first time the 1-year Treasury rate has been below 5% since mid-February. The 5-year, 10-year and 30-year Treasury rates ended the week at 3.96%, 3.70% and 3.70%, respectively. This week the municipal bond primary market calendar includes transactions from the New York City TFA at \$950 million (Cabrera Co-Manager), a State of Oregon \$810 million deal (Cabrera Co-Manager), a Los Angeles DWP \$305 million issue, a State of Wisconsin \$300 million transaction and a St. Louis Board of Education \$135 million deal to name a few.

Last week in the primary market, the State of California priced a \$1.8 billion Taxable General Obligation deal. The deal garnered significant interest and spreads were tightened 2-15 basis points and were priced to the tights. The University of Illinois priced a \$150 million Tax-Exempt issue. The deal accelerated pricing and was bumped 1-7 basis points. The University of Texas priced a \$375 million Tax-Exempt issue. The deal was oversubscribed throughout and was bumped 2-10 basis points. The Triborough Bridge and Tunnel Authority priced an \$800 million Tax-Exempt deal. The deal garnered \$973 million in retail orders and saw yields lowered by as much as 18 basis points from retail to final pricing. The deal was upsized to \$1.2 billion. The Texas Gas Securitization Finance Corporation priced a \$3.5 billion Taxable issue. The deal was oversubscribed, and spreads were tightened 10-12.5 basis points. Lastly, the New York Municipal Water Finance Authority priced a \$1.2 billion Tax-Exempt transaction. The deal received over \$ 1 billion in retail orders and saw spreads tighten by as much as 6 basis points. This week's calendar is about \$6 billion with a \$1 billion State of Oregon transaction headlining the calendar.



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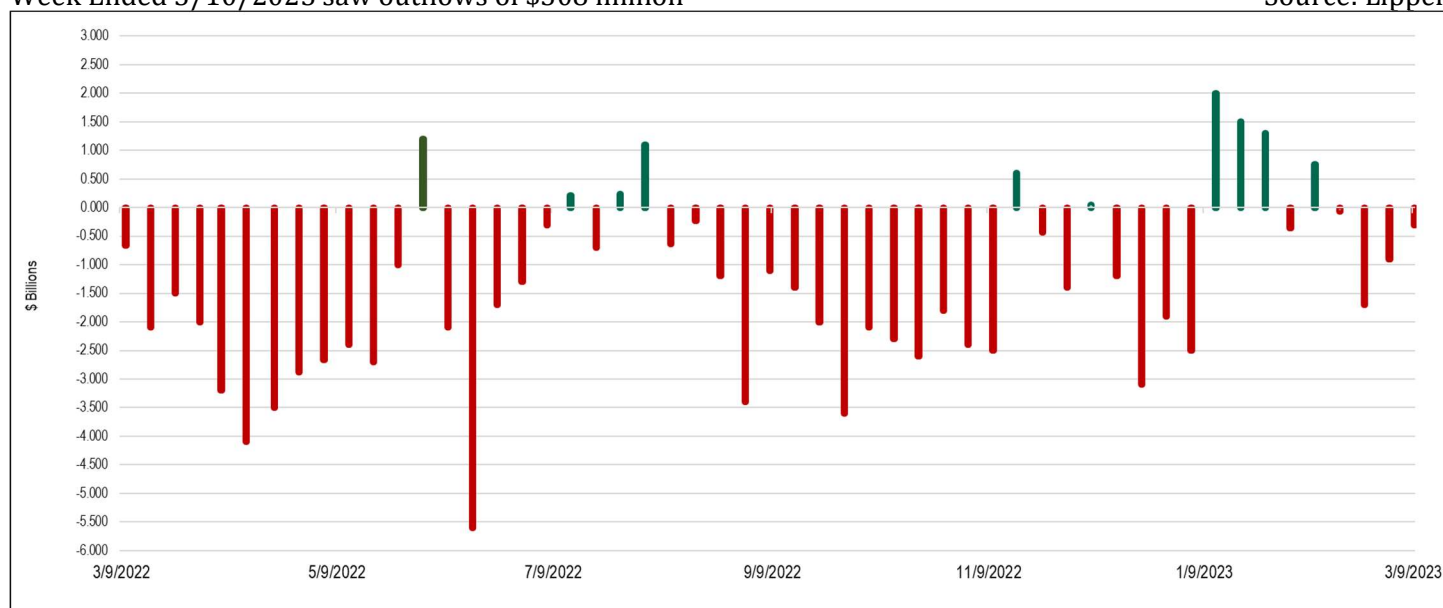
### INTEREST RATE SNAPSHOT

Benchmark	Maturity	3/10/2023 AAA MMD	Change from Last Week (bps)	3/3/2023 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	2.84	-16	4.90	-13	57.96%	3/10/2023	2.21	(\$308)	4.81	5.86
2	2025	2.83	-16	4.60	-26	61.52%	3/3/2023	2.80	(\$905)	4.70	5.71
3	2026	2.69	-13	4.31	-29	62.41%	2/24/2023	3.42	(\$1,700)	4.62	5.64
5	2028	2.59	-9	3.96	-30	65.40%					
10	2033	2.51	-12	3.70	-27	67.84%					
20	2043	3.30	-12	3.90	-22	84.62%					
30	2053	3.48	-12	3.70	-20	94.05%					

### MUNICIPAL FUND FLOWS

Week Ended 3/10/2023 saw outflows of \$308 million

Source: Lipper



### UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
950.000	*New York City Transitional Finance Authority	NY	Future Tax Secured Subordinate Bonds
810.460	*State of Oregon	OR	General Obligation Bonds
618.265	Massachusetts Bay Transportation Authority	MA	Senior Sales Tax Bonds
485.790	The Black Belt Energy Gas District	AL	Gas Project Revenue Bonds
305.510	Los Angeles Department of Water and Power	CA	Power System Revenue Bonds
278.455	**State of Wisconsin	WI	Transportation Revenue & Refunding Bonds
184.615	State of Oregon	OR	General Obligation Bonds
165.340	Gerald R. Ford International Airport Authority	MI	Revenue Bonds
150.000	State of New York Mortgage Agency	NY	Homeowner Mortgage Revenue Bonds
135.000	St. Louis Board of Education	MO	General Obligation Bonds
115.205	Idaho Housing and Finance Association	ID	Single Family Mortgage Bonds
90.000	Forest Grove School District No. 15	OR	General Obligation Bonds
80.610	Local Building Authority of Alpine School District	UT	Lease Revenue Bonds
76.515	Oxnard School District	CA	General Obligation Bonds
74.360	South Carolina Jobs-Economic Development Authority	SC	Economic Development Revenue Bonds

\*Cabrera will serve as Co-Manager

\*\*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**

	<b>*State of California</b>				<b>Texas Natural Gas Securitization Finance Corporation</b>				<b>New York Municipal Water Finance Authority</b>			
Issuer	CA				TX				NY			
State	MWC, and 3/1/2033 @ par				Limited MWC				6/15/2033			
Call	Taxable				Taxable				Tax-exempt			
Tax Status	1,804.055				3,521.750				1,293.680			
Size (\$mm)	Aa2/AA-/AA				Aaa (P) /AAA/ AAA (P)				Aa2/AA+/AA+			
Ratings	<b>Maturity</b>	<b>Coupon</b>	<b>Yield</b>	<b>Spread</b>	<b>Maturity</b>	<b>Coupon</b>	<b>Yield</b>	<b>Spread</b>	<b>Maturity</b>	<b>Coupon</b>	<b>Yield</b>	<b>Spread</b>
	2024	5.222	5.222	15	2035	5.102	5.102	90	2026-2038	5.000	2.870-3.600	7-37
	2027	4.846	4.846	50	2041	5.169	5.169	125	2046	5.250	3.970	50
	2029	5.100	4.948	75					2046	5.000	4.020	55
	2030	6.000	5.028	83					2046	4.125	4.350	88
	2033	6.000	4.945	95					2047	5.250	4.000	50
	2038	5.125	5.395	140					2047	5.000	4.050	55
	2043	5.200	5.477	135					2047	4.125	4.380	88

\*Cabrera served as Co-Manager

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

Monday	Tuesday	Wednesday	Thursday	Friday
<b>13-Mar</b>	<b>14-Mar</b>	<b>15-Mar</b>	<b>16-Mar</b>	<b>17-Mar</b>
None Scheduled	8:30 AM Consumer Price Index	8:30 AM Retail Sales	8:30 AM Initial Jobless Claims	10:00 AM U.S. Leading Economic Index
	8:30 AM Real Hourly Earnings	8:30 AM Core PPI	8:30 AM Housing Starts	10:00 AM Consumer Sentiment
		8:30 AM Empire State Manufacturing	8:30 AM Import Price Index	
<b>20-Mar</b>	<b>21-Mar</b>	<b>22-Mar</b>	<b>23-Mar</b>	<b>24-Mar</b>
None Scheduled	10:00 AM Existing Home Sales	2:00 PM FOMC Statement	8:30 AM US Current Account	8:30 AM Durable Good Orders
			10:00 AM New Home Sales	9:45 AM S&P Global Final U.S. Services PMI
				9:45 AM S&P Global Final U.S. Manufacturing PMI