



## CABRERA CAPITAL MARKETS LLC

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# MUNICIPAL MARKET UPDATE

### Public Finance

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## PRIMARY MARKET ACTIVITY

This past week saw a third week in a row of municipal fund outflows, however we are far from the market dislocation we saw three weeks ago when rates were up by 20 to 40 plus basis points. On Friday tax-exempt rates closed for the week up 4-7 basis points across the curve and dropping 3 basis points in the 2024 maturity. The 5-year, 10-year, 20-year and 30-year MMD closed the week at 2.68%, 2.63%, 3.42% and 3.60%. That being said, tax-exempt deals that we tracked in the market performed well. As previously mentioned, the municipal ultra-short end of the yield curve has begun to settle with the 1-year municipal bond gaining ground and the short-term SIFMA rate also turning the corner. SIFMA reset this past week at 2.80%, down from 3.98% two weeks ago and 3.42% last week. The tax-exempt yield curve inversion while still prominent, is slowly starting to flatten, the 1-year MMD is at 3.00%, while the next highest yielding maturity is 2036 at 3.01%. Taxable Treasuries were mostly up for the week with the highest point in the curve being the 6-month rate at 5.18% and the lowest point being the 30-year at 3.90%. The 5-year and 10-year ended the week up 7 basis points to 4.26% and up 2 basis points to 3.97%, respectively.

This Friday's job numbers will be an important metric that could potentially sway the Fed's future decisions. Last month the strong jobs number took a heavy toll on the market which was contrary to the early February Fed speak. We have had a month to digest the strong jobs report, retail sales and other positive releases; so, seeing how this plays into the continuing decreasing inflation reports will be interesting and is anticipated to be a barometer of things to come in the municipal primary bond market. Last week there were comments made by members of the Fed hinting at a possible 50 basis point increase of the Fed Funds rate on March 22nd, which is a departure from the prior consensus.

This week is a high volume primary municipal bond market with over \$10 billion expected from the State of Texas Natural Gas Securitization Finance Corp \$3.5 billion deal, a State of California \$1.8 billion (Cabrera Co-Manager) transaction, a NY City Muni Water Finance Authority \$1.2 billion issue, a Washington DC \$826 million deal, a University of Texas \$375 million transaction, a University of Illinois \$158 million issue, a Lockhart ISD \$67 million deal and a City of Denver \$19 million transaction amongst others.

Last week in the primary market, the Illinois Finance Authority for the University of Chicago priced a \$181 million Tax-Exempt issue. The deal garnered significant interest and was bumped as much as 15 basis points. The Chicago Board of Education priced a \$520 million Tax-Exempt issue. The deal was oversubscribed throughout and bumped 5-14 basis points. The Portland Community College priced a \$225 million Tax-Exempt deal. Yields were bumped 2-5 basis points on good demand. The Tarrant County Hospital District, Texas priced a \$439 million Tax-Exempt issue. The deal was oversubscribed and bumped as much as 12 basis points. All eyes will be on the \$3.5 billion Texas Natural Gas Securitization Taxable deal that will headline the \$10.5 billion calendar this week.



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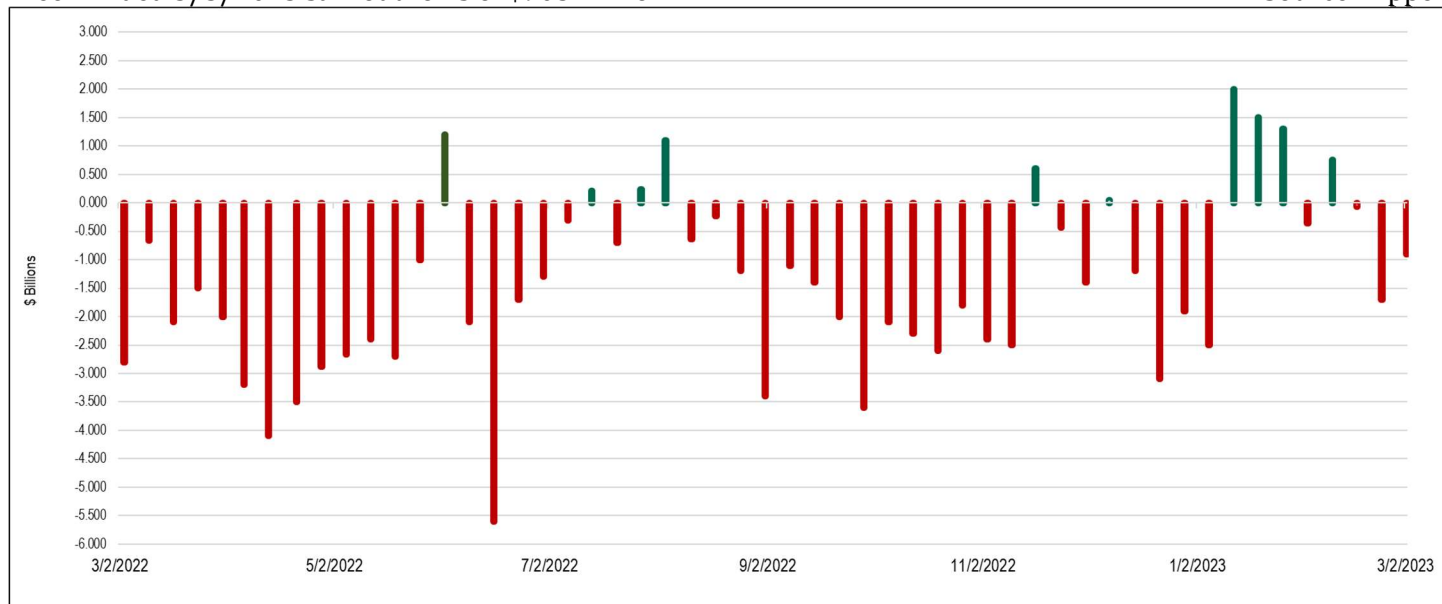
### INTEREST RATE SNAPSHOT

Benchmark	Maturity	3/3/2023 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	3.00	-3	5.03	-2	59.64%	3/3/2023	2.80	(\$905)	4.70	5.71
2	2025	2.99	+4	4.86	+8	61.52%	2/24/2023	3.42	(\$1,700)	4.62	5.64
3	2026	2.82	+4	4.60	+8	61.30%	2/17/2023	3.98	(\$68)	4.60	5.57
5	2028	2.68	+7	4.26	+7	62.91%					
10	2033	2.63	+4	3.97	+2	66.25%					
20	2043	3.42	+4	4.12	+1	83.01%					
30	2053	3.60	+4	3.90	-3	92.31%					

### MUNICIPAL FUND FLOWS

Week Ended 3/3/2023 saw outflows of \$905 million

Source: Lipper



### UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
3,536.310	Texas Natural Gas Securitization Finance Corporation	TX	Customer Rate Relief Bonds
<b>1,861.970</b>	<b>*State of California</b>	<b>CA</b>	<b>Federally Taxable Various Purpose General Obligation Bonds</b>
1,240.000	New York City Municipal Water Finance Authority	NY	Water and Sewer System General Resolution Revenue Bonds
826.320	District of Columbia	DC	Refunding Bonds
375.000	Board of Regents of The University of Texas System	TX	Permanent University Fund Bonds
347.030	Montgomery County Industrial Development Authority	PA	Exempt Facilities Revenue Refunding Bonds
344.825	Pasco County	FL	Capital Improvement Cigarette Tax Allocation Bonds
200.000	Parish of St. John the Baptist	LA	Revenue Refunding Bonds
168.370	Connecticut Housing Finance Authority	CT	Housing Mortgage Finance Program Bonds
<b>153.765</b>	<b>*The Board of Trustees of the University of Illinois</b>	<b>IL</b>	<b>Auxiliary Facilities System Refunding Revenue Bonds</b>
150.000	Metropolitan Atlanta Rapid Transit Authority	GA	Sales Tax Revenue Bonds
67.755	Lockhart Independent School District	TX	Unlimited Tax School Building Bonds
58.630	The Regents of The University of New Mexico	NM	System Improvement Revenue Bonds
58.255	City of Pittsburgh	PA	General Obligation Bonds
19.541	City and County of Denver	CO	Northfield Flats Project General Obligation 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**

	<b>*City of Chicago Board of Education</b>				<b>Tarrant County Hospital District</b>				<b>Port of Portland Airport</b>			
	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
Issuer	IL				TX				OR			
State	4/1/2033				8/15/2032				7/1/2033			
Call	Tax-exempt				Tax-exempt				Tax-exempt, AMT			
Tax Status	520.835				437.295				566.120			
Size (\$mm)	A/BBB+				Aa1 /AA/ AAA				AA-/AA-			
Ratings	2033-2037				2024-2033				2029-2038			
	5.25	4.35-4.87	175		5.00	3.16-3.02	15-41		5.00	3.63-4.36	105-115	
	2038	5.00	5.01	180	2034-2040	5.25	3.15-3.84	44-55	2039-2043	5.25	4.37-4.53	112-115
	2039-2040	5.25	5.02-5.07	177-178	2043	4.00	4.40	102	2048-2053	5.500	4.61-4.66	110
	2041	5.00	5.12	180	2048	5.25	4.10	59				
	2042-2043	5.50	5.15-5.18	180	2048	4.25	4.61	110				
	2045	5.00	5.19	176	2053	5.25	4.20	64				
	2048	5.75	5.24	173	2053	4.25	4.66	110				

\*Cabrera served as Co-Manager

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

Monday	Tuesday	Wednesday	Thursday	Friday
<b>6-Mar</b>	<b>7-Mar</b>	<b>8-Mar</b>	<b>9-Mar</b>	<b>10-Mar</b>
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

13-Mar	14-Mar	15-Mar	16-Mar	17-Mar
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	