



CABRERA CAPITAL MARKETS LLC

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MUNICIPAL MARKET UPDATE

Public Finance

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PRIMARY MARKET ACTIVITY

Municipal bond rates were again stable throughout the week, however last week did mark the 13th week in a row for municipal bond outflows, - \$102 million. While most bond deals this past week were met with favorable results, there were pockets of challenges which are described further below. In the past month, the 5-year municipal benchmark has increased by 30 basis points to 2.33%, the 10-year benchmark has increased by 23 basis points to 2.31%, the 20-year benchmark increased by 18 basis points to 3.12%, and the 30-year benchmark has increased by 20 basis points to 3.36%. The municipal curve inversion is stronger than ever with the difference between the 1-year and 30-year benchmark yields at only 37 basis points, a month ago that number was 85 basis points. With the summer months pending, there is currently over \$125 billion in bond redemptions coming due, which should provide a significant foundation for municipal bond sales in the summer months. Year-to-date, the municipal bond market volume is down 20%, these two nuances should sustain the municipal bond market in the coming months. Also the municipal bond market may also have to contend with a void of bank buying, which has been a big participant in the municipal buy side. Moreover, a week ago, Municipal Market Analytics stated that "bank holdings in the first quarter saw the largest quarterly decline in aggregate municipal security holdings since at least 2003". The Fed, the debt ceiling, economic releases, bank contagion, and other factors outside of the municipal market dynamics, will certainly make the summer very interesting and potentially very volatile. This week's CPI/Inflation release showed that inflation slowed in April, which could lead to the long awaited 6/14 pause in rate hikes, currently there is an 80%+ chance of the Fed staying put. Weekly SIFMA reset 41 basis points down from the prior week to 3.04%.

Treasuries this past week were relatively stable ending the week down 5-6 basis points, the 5-year, 10-year and 30-year Treasury rates closed Friday at 3.45%, 3.46% and 3.78%, respectively. The big potential market mover is the debt ceiling, and whether there is resolution one way or another. This has undoubtedly created a short-term spike in T-Bill rates, especially the ultra short 1-month range - while the debt ceiling debate continues; the 1-month T-Bill rate increased 20 basis points from last week to 5.79%. This week we are expected to see approximately \$6.5 billion in issuance, with no deals larger than \$280 million. Some of these deals in the market include an El Paso Water Utility \$181 million issue (Cabrera Co-Manager), a Phoenix Airport \$102 million (Cabrera Co-Manager) deal, a City of El Paso \$45 million GO (Cabrera Co-Manager) transaction, a City of El Paso \$38 million GO Refunding (Cabrera Co-Manager) issue and an El Paso Municipal Drainage Utility System \$22 million (Cabrera Co-Manager) deal amongst others.

Last week in the primary market, the Dormitory of the State of New York priced \$1 billion in school district bonds. This deal had mixed results. Through 2035, the deal had to be cheapened 5-10 basis points and 2036 and longer was bumped 2-6 basis points. Even after the second order period there was a significant balance. The Finance Authority of Long Beach priced a \$77 million Tax-Exempt Lease Revenue issue and Cabrera served as Co-Manager on the deal. The deal was oversubscribed through 16 years and was bumped 0 -7 basis points. The City of Dallas also priced a \$390 million Tax-Exempt General Obligation issue. The deal was oversubscribed throughout and was bumped as much as 8 basis points. Michigan State University priced a \$308 million Tax-Exempt issue. The deal was oversubscribed in spots and was bumped 0-10 basis points. The Metropolitan Atlanta Rapid Area Transit Authority priced a \$112 million Tax-Exempt issue. The bonds 2024-2028 were bumped 3-5 basis points, the remainder of the scale was unchanged. The Lower Colorado River Authority priced a \$472 million Tax-Exempt issue. This deal did well with bumps of as much as 11 basis points in the 15-year area. The Chicago Park District priced a \$57 million Tax-Exempt issue. Most of the deal was left unchanged, but several of the maturities 2034 and longer were bumped 3-6 basis points. This week's calendar stands at \$6.5 billion with a \$275 million Dormitory of the State of New York for Columbia University transaction leading the calendar.



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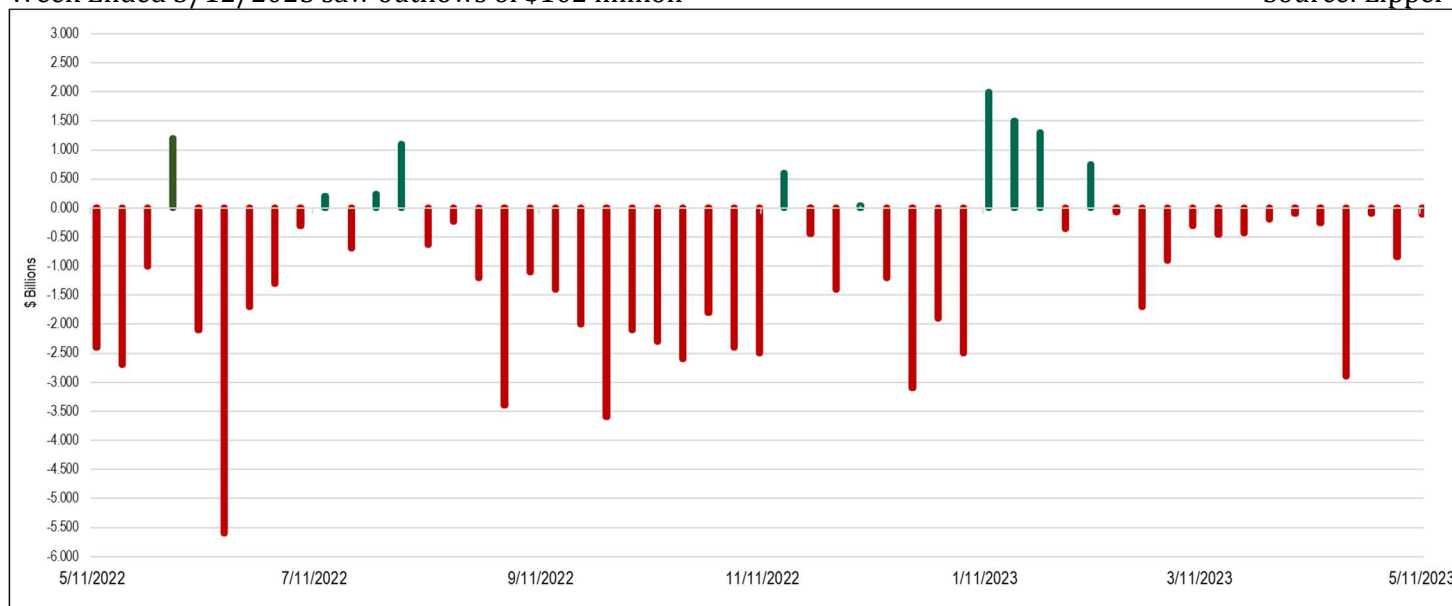
INTEREST RATE SNAPSHOT

Benchmark	Maturity	5/12/2023 AAA MMD	Change from Last Week (bps)	5/12/2023 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	2.99	+2	4.75	+2	62.95%	5/12/2023	3.04	(\$102)	5.11	5.27
2	2025	2.69	+3	3.98	+6	67.59%	5/5/2023	3.45	(\$846)	5.10	5.26
3	2026	2.50	+3	3.65	+2	68.49%	4/28/2023	3.86	(\$92)	5.03	5.32
5	2028	2.33	+2	3.45	+4	67.54%					
10	2033	2.31	0	3.46	+2	66.76%					
20	2043	3.12	0	3.87	+2	80.62%					
30	2053	3.36	0	3.78	+2	88.89%					

MUNICIPAL FUND FLOWS

Week Ended 5/12/2023 saw outflows of \$102 million

Source: Lipper



UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
277.326	California Housing Finance Agency	CA	Municipal Certificates
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275.000	Dormitory Authority of the State of New York	NY	Columbia University Revenue Bonds
260.355	Jackson County	MO	Special Obligation Bonds
240.000	California Educational Facilities Authority	CA	Revenue Bonds
225.000	Harris County Industrial Development Corporation	TX	Marine Terminal Refunding Revenue Bonds
190.000	Springfield School District	MO	General Obligation School Building Bonds
181.260	*City of El Paso	TX	Water and Sewer Revenue Improvement and Refunding Bonds
160.000	Virginia Electric and Power Company	VA	Pollution Control Refunding Revenue Bonds
150.000	Florida Housing and Finance Corporation	FL	Homeowner Mortgage Revenue Bonds
102.935	*City of Phoenix Civic Improvement Corporation	AZ	Senior Lien Airport Revenue Refunding Bonds
94.190	Washington Economic Development Finance Authority	WA	Environmental Improvement Revenue Bonds
44.970	*City of El Paso	TX	General Obligation Bonds
38.755	*City of El Paso	TX	General Obligation Refunding Bonds
22.495	*City of El Paso	TX	Municipal Drainage Utility System Revenue Refunding Bonds

*Cabrera will serve as Co-Manager



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NOTABLE FIXED DEALS FROM LAST WEEK

Issuer	City of Dallas				*Dormitory Authority of the State of New York				Lower Colorado River Authority			
State	TX				NY				CO			
Call	2/15/2033				10/1/2031				5/15/2033			
Tax Status	Tax-exempt				Tax-exempt				Tax-exempt			
Size (\$mm)	381.135				786.735				473.430			
Ratings	AA-/AA				Aa3/AA-				A/A+			
	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
	2024-2043	5.00	3.12-3.57	13-45	2024-2043	5.00	3.04-3.60	9-48	2024-2042	5.00	3.11-3.63	14-56
					2050	5.25	3.80	47	2043	4.00	4.05	93
									2048-2053	5.25	3.95-3.96	64-60

*Cabrera Served as Co-Manager

ECONOMIC CALENDAR (ALL TIMES IN ET)

Monday	Tuesday	Wednesday	Thursday	Friday
15-May	16-May	17-May	18-May	19-May
8:30 AM Empire State Manufacturing Survey	8:30 AM U.S. Retail Sales	8:30 AM Housing Starts	8:30 AM Initial Jobless Claims	None Scheduled
	10:00 AM Home Builder Confidence Index		8:30 AM Continuing Jobless Claims	
	10:00 AM Business Inventories		10:00 AM U.S. Leading Economic Indicators	

22-May	23-May	24-May	25-May	26-May
None Scheduled	8:30 AM S&P Flash U.S. Services PMI	2:00 PM Minutes of Fed's May FOMC Meeting	8:30 AM Initial Jobless Claims	8:30 AM Durable Goods Orders
	8:30 AM S&P Flash U.S. Manufacturing PMI		8:30 AM Continuing Jobless Claims	8:30 AM Personal Income (Nominal)
			8:30 AM GDP (First Revision)	8:30 AM PCE Index
				10:00 AM Consumer Sentiment (Final)