



## CABRERA CAPITAL MARKETS LLC

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# MUNICIPAL MARKET UPDATE

### Public Finance

Mario Carrasco  
Managing Director & Head of Investment Banking - Public Finance  
(210) 857-8517  
mcarrasco@cabreracapital.com

### Underwriting

Merita Kulpinski  
Senior Vice President - Lead Municipal Underwriter  
(312) 931-6654  
mkulpinski@cabreracapital.com

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## PRIMARY MARKET ACTIVITY

Last week in municipals we were back to the challenging tone we witnessed a few weeks ago. The week began with a somewhat stable tone Monday the 6th, but by Tuesday the market weakened and showed signs of curve steepening. On Wednesday the yield curve steepened significantly, and by Thursday and Friday, rates had a ton of upward mobility. Moreover, between Wednesday and Friday interest rates 20 years and longer increased 15-25 basis points. As the market weakened, municipal pricing spreads also widened. The municipal 5-year, 10-year, 20-year and 30-year rates currently stand at 2.05%, 2.58%, 2.93% and 3.07%, respectively.

On the Treasury side, the yield curve flattened considerably this past week as the 1-year Treasury increased 35 basis points to end at 2.58%. The mid-to-longer term taxable Treasuries were somewhat stable with the 10-year increasing 11 basis points to 3.15% and the 30-year Treasury increasing only 1 basis point to 3.20%. The big rate moves on Friday were as a result of the inflation report, which stated that year-over-year May inflation rose 8.6%, the biggest jump since 1981. Ahead of the inflation report, the hope was that perhaps inflation had peaked, but this report certainly disabused market observers of that sentiment. The disappointing inflation report will make this week's FOMC meeting even more vital than it was before, and it was certainly vital before. Given this week's FOMC meeting, the municipal bond primary market calendar is light. A few deals in the market this week are a \$360 million County of Riverside Tax and Revenue Anticipation Note deal, a \$301 million Salt Lake City Public Utilities Revenue Bonds transaction, a \$71 million City of New Braunfels Utility System Revenue Refunding Bonds deal, a \$50 million Melissa ISD Unlimited Tax School Building Bonds deal, and a \$36 million Southern Illinois University Facilities System Revenue Bonds transaction, to name a few. The market weakness last week resulted in another municipal bond outflow week, negative \$2.1 billion, after the first inflow week in nearly 20 weeks (two weeks ago).

Harris County priced a \$194 million Toll Road Revenue bond. The deal structure ran only through 2033 and did very well with bumps of as much as 8 basis points. The City of Atlanta priced \$594 million in AMT and Non-AMT Airport Revenue bonds. The Non-AMT deal struggled and had to get as much as 10 basis points higher and restructured on the 30-year term using 4% coupons at a significant discount. The AMT had mixed results with the bonds through 2038 remaining unchanged, while 2039-2052 had to get 2-5 basis points higher. The spread between AMT and Non-AMT was 48 basis points in 10 years and 24 basis points in 25 years. The Texas Water Development Board priced a \$234 million Tax-Exempt issue. The deal was oversubscribed through 10 years and had bumps of as much as 7 basis points, while the long end proved to be challenging. This week's calendar is headlined by a \$300 million Salt Lake City Public Utilities Revenue Bonds transaction.



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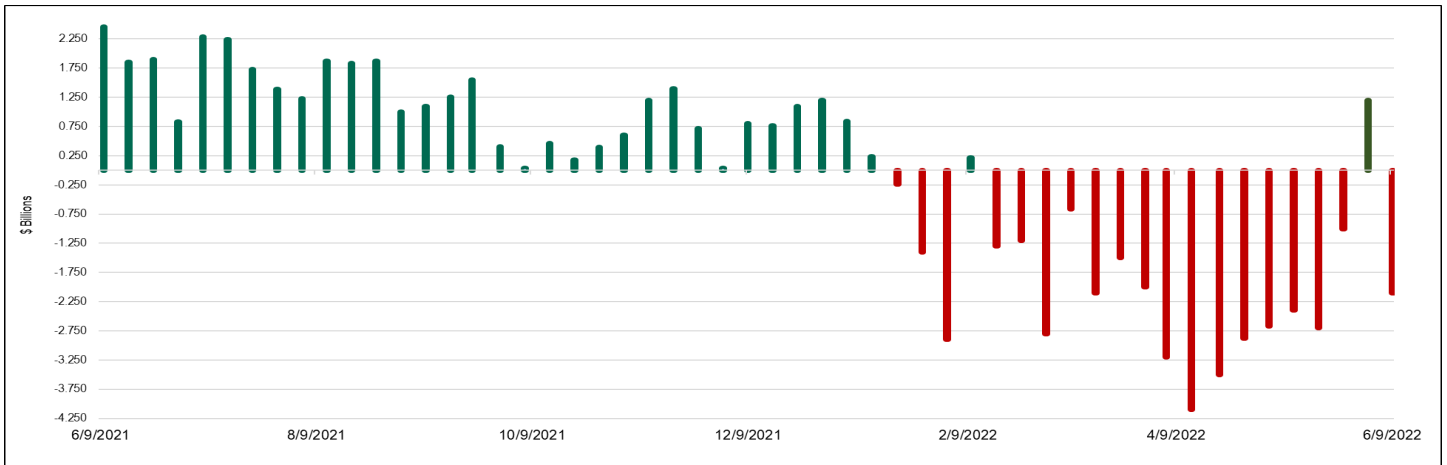
### INTEREST RATE SNAPSHOT

Benchmark	Maturity	6/10/2022 AAA MMD	Change from Last Week (bps)	6/10/2022 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	1.41	-6	2.52	+36	55.95%	6/10/2022	0.62	(\$2,100)	1.26	2.96
2	2024	1.75	-	3.05	+39	57.38%	6/3/2022	0.68	\$1,200	1.12	2.78
3	2025	1.90	+1	3.23	+37	58.82%	5/27/2022	0.79	(\$1,000)	1.06	2.68
5	2027	2.05	+4	3.25	+30	63.08%					
10	2032	2.58	+15	3.15	+19	81.90%					
20	2042	2.93	+28	3.45	+12	84.93%					
30	2052	3.07	+29	3.20	+8	95.94%					

### MUNICIPAL FUND FLOWS

Week Ended 6/9/2022 saw outflows of \$2.10 billion, 1<sup>st</sup> Week of Outflows

Source: Lipper



### UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
465.000	California Community Housing Agency	CA	Essential Housing Revenue Bonds
360.000	County of Riverside	CA	Tax and Revenue Anticipation Note
301.060	Salt Lake City	UT	Public Utilities Revenue Bonds
275.000	Public Finance Authority	WI	Federal Lease Revenue Bonds
163.005	The Aurora Highlands Community Authority Board	CO	Special Tax Revenue Bonds
93.070	City of Baltimore	MD	Refunding Revenue Bonds
89.575	Pioneer Community Authority Board	CO	Special Revenue Bonds
80.210	City of Baltimore	MD	Project Revenue Bonds
75.775	City of San Mateo Communities Facilities District #2008-1	CA	Special Tax Refunding Bonds
73.000	Public Finance Authority	WI	Senior Lien Revenue Bonds (Green)
71.875	City of New Braunfels	TX	Utility System Revenue Refunding Bonds
64.315	City of Celina	TX	Tax & Waterworks & Sewer System Revenue COBs
63.965	Arlington Higher Education Finance Corporation	TX	Education Revenue Bonds
50.000	Melissa Independent School District	TX	Unlimited Tax School Building Bonds
36.575	Board of Trustees of Southern Illinois University	IL	Housing and Auxiliary Facilities System Revenue Bonds



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**NOTABLE FIXED DEALS FROM LAST WEEK**

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

	Texas Water Development Board				City of Atlanta Airport				Harris County			
Issuer	Texas Water Development Board				City of Atlanta Airport				Harris County			
State	TX				GA				TX			
Call	8/1/2032				7/1/2032				8/15/2032			
Tax Status	Tax-Exempt				Tax-Exempt (AMT)				Tax-Exempt			
Size (\$mm)	234.550				204.810				194.030			
Ratings	AAA/AAA				Aa3/AA-				Aa2/AA			
	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
	2023-2041	5.00	1.47-3.16	3-40	2023-2052	5.00	1.87-3.91	45-99	2023-2033	5.00	1.53-2.77	4-27
	2042-2043	3.75	3.83-3.85	105								

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

Monday	Tuesday	Wednesday	Thursday	Friday
13-Jun	14-Jun	15-Jun	16-Jun	17-Jun
11:00 AM NY Fed 1 & 3-Year Inflation Expectations	8:30 AM Producer Price Index Final Demand	10:00 AM NAHB Home Builders Index	2:00 PM FOMC Statement & Projections	8:30 AM Initial Jobless Claims
			2:00 PM Fed Chari Jerome Powell News Conference	8:30 AM Continuing Jobless Claims
				8:30 AM Housing Starts (SAAR)
20-Jun	21-Jun	22-Jun	23-Jun	24-Jun
Juneteenth None Scheduled	10:00 AM Existing Home Sales (SAAR)	None Scheduled	8:30 AM Initial Jobless Claims	10:00 AM Umich Consumer Sentiment Index (Final)
			8:30 AM Continuing Jobless Claims	10:00 AM 5-Year Inflation Expectations (Final)
				10:00 AM New Home Sales (SAAR)