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MUNICIPAL MARKET UPDATE

Public Finance

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PRIMARY MARKET ACTIVITY

Last week was a pivotal week as a debt ceiling deal was finally signed into law on Saturday, averting a fiscal cliff. With the debt ceiling concerns out of the way, the market can now focus solely on the economy and the supply/demand dynamics, which have been positive for the municipal market recently. Municipal primary market negotiated deals last week performed extremely well with most deals seeing huge demand highlighting the beginning of the summer imbalance of cash on hand from investors versus the low municipal supply, which should hopefully bode well for municipal issuers in the interim. Municipal bond rates were down from 12 to 18 basis points last week with the higher bumps (yield decreases) coming on the front end. The 1-year, 5-year, 10-year, 20-year and 30-year municipal benchmarks ended the week at 3.13%, 2.66%, 2.59%, 3.28% and 3.50%, respectively; from a year ago (June 3rd, 2022), the 1-year, 5-year, 10-year, 20-year and 30-year municipal benchmark rates have increased by 166 basis points, 65 basis points, 16 basis points, 63 basis points and 72 basis points, respectively. Weekly short-term SIFMA reset at 3.56% from 3.41% the prior week and 2.93% the week before that. Municipal bond fund outflows were heavy last week at \$1.3 billion, which was up from \$847 million the prior week. Moreover, economic news last week was mixed again with a very strong payroll number on Friday, however weaker wage growth and weaker housing/manufacturing numbers have been reported recently. There is a split decision as to a no FOMC rate increase on June 14th, one increase, or two future rate increases especially given the continued mixed economic tone; the CME FedWatch currently prognosticates a 75% chance of a no rate increase and a 25% chance of a 25 basis point increase. The next FOMC rate decision will be on June 14th and the following FOMC rate decision day will be July 26th.

The 1-month Treasury bill settled significantly after a debt deal was close to completion early last week and settled from 6.02% the prior Friday 5/26 down to 5.28% by Friday 6/2. The 2-to-6 month T-Bill settled in the 5.39% to 5.50% range; the 5-year, 10-year and 30-year Treasury rate settled on Friday at 3.84%, 3.69% and 3.88%, respectively, and were relatively stable throughout the week. This week, supply is again manageable with a \$900 million California Community Choice Financing Authority deal, an Indiana Finance Authority \$635 million issue, a Port Authority of NY-NJ \$700 million transaction, a Colorado Health Facilities Authority \$286 million transaction, a Metropolitan Water District of Southern California \$261 million issue (Cabrera Co-Manager), a Sacramento MUD \$300 million deal, a Harris County TRA \$117 million transaction, a State of Maine \$66 million deal and an Oklahoma City Public Property Authority \$32 million transaction, amongst others.

Last week in the Primary Market, the City of New York priced a \$1.4 billion Tax-Exempt issue and a \$300 million Taxable issue. The Tax-Exempt issue garnered over \$1.4 billion in retail orders and more than \$9 billion in orders overall. The Tax-Exempt issue was also bumped as much as 12 basis points and the spread on the Taxable issue was tightened by as much as 7 basis points. The State of Connecticut priced a \$360 million Tax-Exempt issue and a \$350 million Taxable issue. The Tax-Exempt issue accelerated pricing on Tuesday and was bumped 2-17 basis points from the Retail order period scale. The Taxable deal was oversubscribed throughout and was tightened as much 20 basis points. The City of Raleigh, North Carolina priced a \$298 million revenue issue. The deal brought in more than \$3.2 billion in orders and was bumped 5-21 basis points. This week's calendar is about \$9 billion with a \$900 million California Community Choice Financing Authority transaction headlining the calendar.



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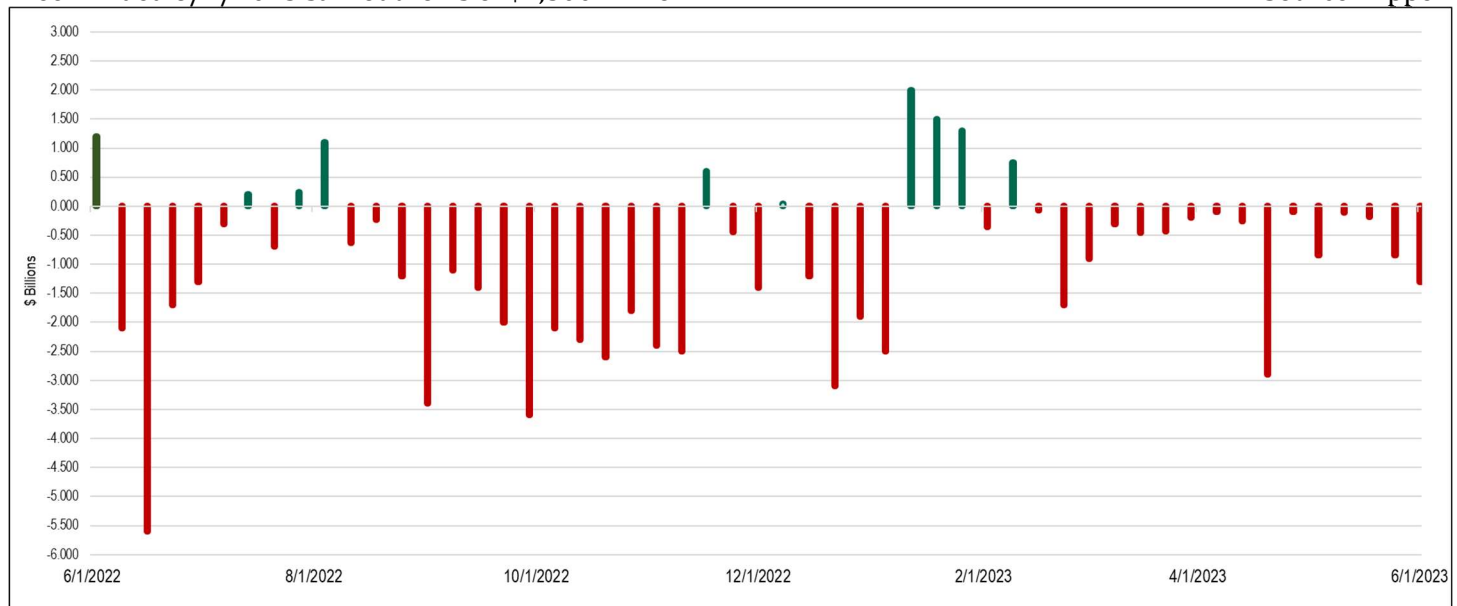
INTEREST RATE SNAPSHOT

Benchmark	Maturity	6/2/2023 AAA MMD	Change from Last Week (bps)	6/2/2023 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	3.13	-18	5.22	-3	59.96%	6/2/2023	3.56	(\$1,300)	5.16	5.73
2	2025	2.99	-16	4.50	-4	66.44%	5/26/2023	3.41	(\$847)	5.16	5.62
3	2026	2.84	-18	4.13	-10	68.77%	5/19/2023	2.93	(\$187)	5.15	5.39
5	2028	2.66	-17	3.84	-8	69.27%					
10	2033	2.59	-13	3.69	-11	70.19%					
20	2043	3.28	-12	4.03	-10	81.39%					
30	2053	3.50	-12	3.88	-8	90.21%					

MUNICIPAL FUND FLOWS

Week Ended 6/2/2023 saw outflows of \$1,300 million

Source: Lipper



UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
900.000	California Community Choice Financing Authority	CA	Clean Energy Project Revenue Bonds
700.000	County of Los Angeles	CA	2023-24 Tax and Revenue Anticipation Notes
641.750	New York City Housing Development Corporation	NY	Multi-Family Housing Development Revenue Bonds
635.260	Indiana Finance Authority	IN	Health System Revenue Bonds
465.000	The Port Authority of New York and New Jersey	NY	Consolidated Bonds, Federally Taxable
286.175	Colorado Health Facilities Authority	CO	Hospital Revenue Bonds
261.125	The Metropolitan Water District of Southern California*	CA	Water Revenue and Refunding Bonds
250.000	The Port Authority of New York and New Jersey	NY	Consolidated Bonds, AMT
247.110	Orlando Utilities Commission	FL	Utility System Revenue Bonds
217.240	Pasco School District No. 1	WA	Unlimited Tax General Obligation Improvement and Refunding Bonds
200.000	Sacramento Municipal Utility District	CA	Electric Revenue Bonds
117.880	Harris County	TX	Toll Road First Lien Revenue Refunding Bonds
100.000	Sacramento Municipal Utility District	CA	Subordinated Electric Revenue Refunding Bonds
66.675	State of Maine	ME	General Obligation Bonds
32.325	Oklahoma City Public Property	OK	Hotel Tax Revenue Bonds, Taxable

*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

Issuer	State of Connecticut*				City of New York*				Irvine Facilities Financing Authority			
State	CT				NY				CA			
Call	5/15/2033				8/1/2033				5/1/2026			
Tax Status	Tax-exempt				Tax-exempt				Tax-exempt			
Size (\$mm)	265.855				1,101.655				326.280			
Ratings	Aa3/AA-/AA-/AA+				Aa2/AA+				AA+			
	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
	2023-2033	5.00	3.45-3.00	(0)-34	2025-2039	5.00	3.43-3.64	37-43	2027-2038	5.00	2.97-3.58	20-46
									2043-2048	5.25	3.78-3.97	50-52
									2053	4.25	4.39	89

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ECONOMIC CALENDAR (ALL TIMES IN ET)

Monday	Tuesday	Wednesday	Thursday	Friday
5-Jun	6-Jun	7-Jun	8-Jun	9-Jun
10:00 AM Factory Orders	None Scheduled	8:30 AM U.S. Trade Deficit	8:30 AM Initial Jobless Claims	None Scheduled
10:00 AM ISM Services		3:00 PM Consumer Credit	10:00 AM Wholesale Inventories	

12-Jun	13-Jun	14-Jun	15-Jun	16-Jun
None Scheduled	8:30 AM Consumer Price Index	8:30 AM Producer Price Index	8:30 AM Initial Jobless Claims	10:00 AM Consumer Sentiment
	8:30 AM Core CPI	2:00 PM Minutes of Fed's May FOMC Meeting	8:30 AM U.S. Retail Sales	
		2:30 PM Fed Chairman Powell Press Conference	8:30 AM Import Price Index	