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MUNICIPAL MARKET UPDATE

Public Finance

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PRIMARY MARKET ACTIVITY

Tax exempt municipal bonds gained more ground last week ending with yields dropping 5-10 basis points, with the short yields (1-5 years) decreasing 6-10 basis points and 20 years and longer dropping by 5 basis points. The Treasury curve flattened last week and overall lost ground across the yield curve. The 5-year Treasury stands at 2.95%, the 10-year Treasury stands at 2.96% and the 30 year Treasury stands at 3.11%; the 5 year, 10 year, 20 year and 30 year MMD currently are at 2.01%, 2.43%, 2.65% and 2.78%. If you compare tax exempt municipals yields from a month ago, yields are 50 basis points lower on the short end and as much as a 35 basis points lower on the long end, while Treasuries have been relatively steady in that same period. The municipal rate rally is timely given the fact that June is a heavy bond redemption month, so cash is prevalent on the municipal institutional buy side. This past week in the primary market, municipals 10 years and in performed well, while longer dated maturities were spotty. 5% coupons are still the coupon of choice, and we did continue to see some transactions with coupons well above 5%.

Fed Presidents' were vocal this past week and are wary of forecasting out too long given the dual themed inflationary data along with the potential slowing economy. San Francisco Fed President Daly spoke this past week and mentioned a reasonable rate level by the end of the year of 2.50%. On the other hand, St. Louis Fed President Bullard sees a 3.50% high end rate. To provide some context, a year ago the fed funds rate was 0%-0.25%. Next week we are expecting both monthly and year over year inflation numbers in addition to 5-year inflation projections and the University of Michigan Consumer Sentiment Index, all on Friday.

Three weeks ago outflows were at \$2.7 billion, two weeks ago outflows were at \$1 billion and last week after 15 straight weeks of outflows, inflows were recorded at \$1.2 billion. SIFMA reset last Wednesday at 68 basis points, from 79 basis points two weeks ago and 82 basis points three weeks ago. Deals in the market this week include Atlanta Airport \$577 million (Aa3/AA-), Texas Water Development Board \$254 million (AAA/AAA), Harris County Toll Road Authority \$200 million (Aa2/AA), New York City Housing Development Corp \$160 million (Aa2/AA+), Conroe ISD \$147 million (AAA PSF), Baltimore Water \$170 million (Aa2/AA-), San Francisco Bay Area Rapid Transit \$58 million (Aaa/AAA) and LA County Metropolitan Transportation Authority \$41 million (Aa1/AAA) to name a few.

Los Angeles Department of Water and Power priced a \$328M Tax-Exempt Water Revenue issue. The short end did well with bumps as much as 7 basis points. The long end had support but was only able to bump 1 basis point in a couple of maturities. City of Tampa priced a \$282M Tax-Exempt deal. The deal did well through 20 years with bumps of 3-14 basis points. The 20 and 30-year term were unchanged, but



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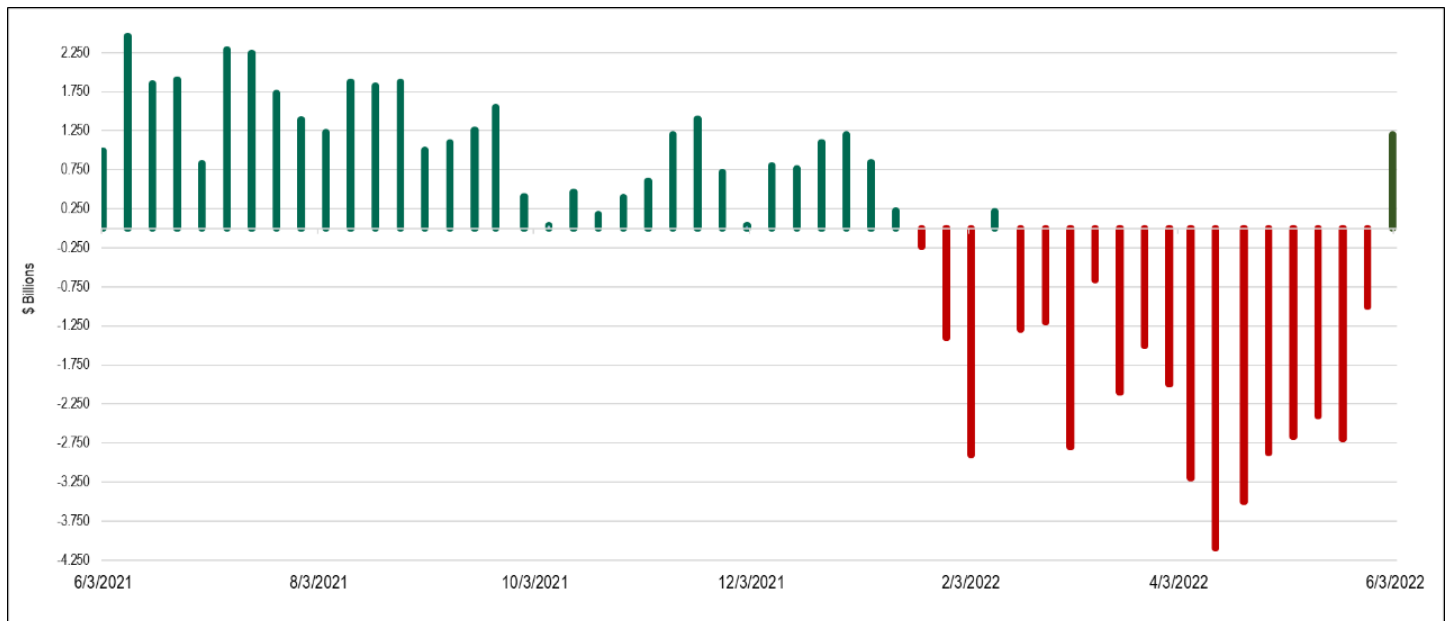
the 35-year term had to get 5 basis points wider on the repricing. State of Colorado priced \$500M Certificates of Participation deal. Through 2036, the deal was oversubscribed and bumped as much as 12 basis points, while the remaining bonds 2037-2041 were unchanged. One other thing to note about this deal is that 6% coupons were used throughout to generate premium. University of Houston priced a \$385M Tax-Exempt and a \$44M Taxable deal. The Tax-Exempt transaction was bumped through 2038 anywhere from 3-10 basis points. 2039 and longer had to be restructured to 5% coupons from 4% and the 2056 maturity had to get 5 basis points wider. The Taxable issue was tightened by as much as 10 basis points.

INTEREST RATE SNAPSHOT

Benchmark	Maturity	6/3/2022 AAA MMD	Change from Last Week (bps)	6/3/2022 U.S. Treasury	Change from Last Week (bps)	Muni/UST Ratio	Date of Week End	SIFMA Index	Municipal Fund Flow	1-Month BBA LIBOR	12-Month BBA LIBOR
1	2023	1.47	-6	2.18	19	67.43%	6/3/2022	0.68	\$1,200	1.12	2.78
2	2024	1.75	-10	2.66	16	65.79%	5/27/2022	0.79	(\$1,000)	1.06	2.68
3	2025	1.89	-9	2.87	22	65.85%	5/20/2022	0.82	(\$2,700)	0.96	2.71
5	2027	2.01	-10	2.95	22	68.14%					
10	2032	2.43	-6	2.96	21	82.09%					
20	2042	2.65	-5	3.33	16	79.58%					
30	2052	2.78	-5	3.11	13	89.39%					

MUNICIPAL FUND FLOWS

Week Ended 6/3/2022 saw inflows of \$1.2 Billion, 1st Week of Inflows





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UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
577.770	City of Atlanta	GA	Airport General Revenue Bonds
465.000	California Community Housing Agency	CA	Essential Housing Revenue Bonds (Green)
350.000	Case Western Reserve University	Corporate	Taxable Bonds
255.530	Public Finance Authority	WI	Health Care System Revenue Bonds
254.125	Texas Water Development Board	TX	State Revolving Fund Revenue Bonds
238.640	West Valley-Mission Community College District	CA	Refunding Bonds
200.870	Harris County, Texas	TX	Toll Road First Lien Revenue Refunding Bonds
200.000	Prosper Independent School District	TX	Unlimited Tax School Building Bonds
173.280	City of Baltimore	MD	Project Revenue/Refunding Revenue Bonds
160.765	New York City Housing Development Corporation	NY	Multi-Family Housing Revenue Bonds (Sustainable)
155.700	Iowa Student Loan Liquidity Corporation	IA	Student Loan Revenue Bonds (AMT)
150.925	The University of North Carolina at Chapel Hill	NC	General Revenue Bonds
147.075	Conroe Independent School District	TX	Unlimited Tax School Building Bonds
58.550	San Francisco Bay Area Rapid Transit	CA	General Obligation Bonds (Green)
41.570	LA County Metropolitan Transportation Authority	CA	Sales Tax Revenue Refunding Bonds

NOTABLE FIXED DEALS

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

Issuer	State of Colorado				Los Angeles Department of Water				*Board of Regents of University of Houston			
State	CO				CA				TX			
Call	12/15/2032				7/1/2032				2/15/2032			
Tax Status	Tax-Exempt				Tax-Exempt				Tax-Exempt			
Size (\$mm)	500.000				326.905				385.680			
Ratings	Aa2/AA-				Aa2/AA/AA+				Aa2/AA			
	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
	2022-2041	6.00	1.38-3.06	0-43	2023-2052	5.00	1.47-3.06	-5-28	2023-2038	5.00	1.48-3.04	7-46
									2039	4.00	3.43	83
									2040-2052	5.00	3.14-3.38	52-60

*Cabrera Served as Co-Manager



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ECONOMIC CALENDAR

Monday	Tuesday	Wednesday	Thursday	Friday
6-Jun	7-Jun	8-Jun	9-Jun	10-Jun
None Scheduled	8:30 AM Foreign Trade Balanace	10:00 AM Wholesale Inventories Revision	8:30 AM Initial Jobless Claims	8:30 AM Consumer Price Index
			8:30 AM Continuing Jobless Claims	10:00 AM Umich Consumer Sentiment Index
			12:00 PM Real Household Net Worth	2:00 PM Federal Budget Balance
13-Jun	14-Jun	15-Jun	16-Jun	17-Jun
10:00 AM Imports/Exports	12:30 PM PPI Statistics	2:30 PM NAHB Housing Market Index	12:30 PM Housing Starts	2:00 PM Leading Index Change
		2:30 PM CPI YY/MM		