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MUNICIPAL MARKET UPDATE

Public Finance

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PRIMARY MARKET ACTIVITY

This past week, taxable Treasury rates decreased anywhere from 12-20 basis points while municipal bonds underperformed Treasuries; nonetheless, tax-exempt transactions in the market continued to perform very well. Last week ended with the municipal benchmark 5-year, 10-year, 20-year, and 30-year rates ending at 1.94%, 2.39%, 2.85%, and 2.99%, respectively—down anywhere from 2 to 6 basis points from 2024-2037, and up 1 basis point in 2038-2052. Taxable treasuries ended the week on a high, yet still inverted, as the 5-year, 10-year and 30-year ended the week at 2.87%, 2.77%, and 3.00%, respectively. As a quick note, the 1-year Treasury is yielding 1 basis point higher than the 30-year Treasury. Moreover, with the FOMC meeting this week, we are seeing a lighter calendar with only approximately \$2.5 billion on the negotiated calendar this week, the lightest week of the year thus far. Most believe that a 75 basis point rate hike has already been factored into the market while a smaller sect of market professionals believe 100 basis points is also a possibility. Issuers pricing on Monday or Tuesday will certainly be avoiding a lot of traffic in the market, while some economic pinhole risk is still evident – post the FOMC decision.

Last week municipal fund flows were negative at \$699 million, however the selling is subsiding at the billion plus level of outflows from a couple months ago, which is a good sign—the positive primary market reception is evident as well. Longer 20–30-year, 4% high grade coupons were apparent on multiple transactions; for example, we saw 30-year 4% coupons at a discount on a AAA rated issuer at 4.10% (+110 spread bumped 5 basis points). The 30-year Treasury and municipal bond benchmark rates are on par with each other. Their ratios are currently at the very important 100% level. Once the ratio begins to increase over 100%, this usually is a buy signal as we can possibly see crossover buyers where taxable buyers, for example, participate in the tax-exempt municipal market. The next FOMC meeting after this week is September 20-21st. Furthermore, SIFMA reset this past week at 65 basis points, from 78 basis points two weeks ago. Lastly, a few deals pricing this week include a Belton ISD, TX \$168 million deal, a California Community College Finance Authority \$107 million transaction, a City of Cleveland, OH \$45 million issue, a Clear Creek ISD, TX \$44 million deal, a City of Chicago Heights, IL \$34 million issue and a City of St. Louis, MO \$29 million transaction.

Last week in the primary market, Cypress-Fairbanks ISD in Texas priced a \$124 Million Tax-Exempt transaction. The deal had good subscription and bumped levels as much as 7 basis points. Another Texas issuer that accessed the capital markets last week was Fredericksburg ISD, which priced a \$77 Million Tax-Exempt issue. This deal saw slight bumps of 1-3 basis points, but most of the maturities remained unchanged. Humble ISD in Texas also priced a \$189 Million Tax-Exempt issue which was oversubscribed throughout and bumped as much as 5 basis points. The New York Transitional Finance Authority priced a \$557 Million Tax-Exempt Building Aid Revenue Bond issue. This deal received \$526 Million in retail orders. The levels remained largely unchanged, but there were a few slight adjustments of 1-3 basis points. Additionally, the Metropolitan Water District of Southern California priced a \$253 Million issue. The deal was oversubscribed throughout and levels were bumped 2-3 basis points on the 3% coupons and 5-10 basis points on the 5% coupons. This week's calendar is noticeably light with about \$2 Billion scheduled to price.



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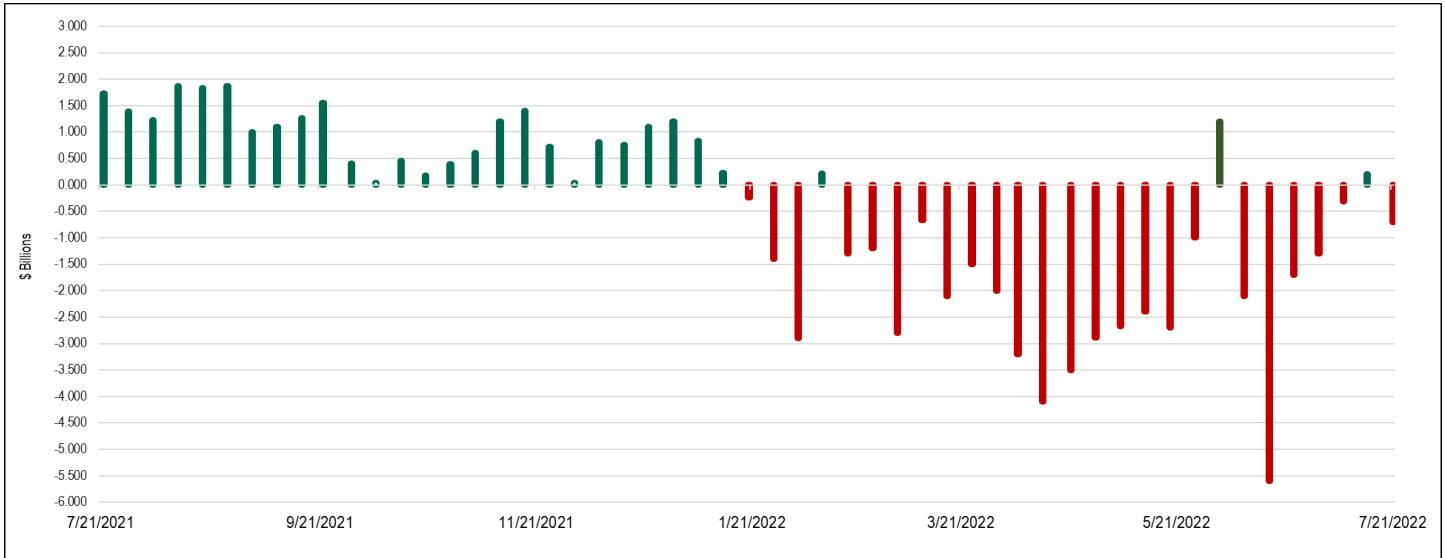
INTEREST RATE SNAPSHOT

Benchmark	Maturity	7/22/2022 AAA MMD	Change from Last Week (bps)	7/22/2022 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	1.40	0	3.01	-11	46.51%	7/22/2022	0.65	(\$699)	2.26	3.92
2	2024	1.70	0	2.98	-15	57.05%	7/15/2022	0.69	\$206	2.16	3.98
3	2025	1.80	-2	2.93	-21	61.43%	7/8/2022	0.78	(\$313)	1.87	3.66
5	2027	1.94	-6	2.87	-8	67.60%					
10	2032	2.39	-5	2.77	-16	86.28%					
20	2042	2.85	1	3.23	-11	88.24%					
30	2052	2.99	1	3.00	-10	99.67%					

MUNICIPAL FUND FLOWS

Week Ended 7/21/2022 saw outflows of \$699 million, 1st Consecutive Week of Outflows

Source: Lipper



UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
606.015	Southeast Energy Authority	AL	Commodity Supply Revenue Bonds
168.750	Belton Independent School District	TX	Unlimited Tax School Building Bonds
149.490	Michigan Finance Authority	MI	State Aid Revenue Notes
143.500	Unified School District #489	KS	General Obligation Refunding and Improvement Bonds
115.560	Pinal County	AZ	Pledged Revenue Obligations (Green)
107.575	California Community College Finance Authority	CA	Student Housing Revenue Bonds
65.000	Finance Authority of Maine	ME	Tax-Exempt Revenue Bonds (Sustainability)(AMT)
60.445	Sinton Independent School District	TX	Unlimited Tax School Building Bonds
58.715	Arlington Higher Education Finance Corporation	TX	General Obligation Bonds
57.975	Crandall Independent School District	TX	Unlimited Tax School Building Bonds
47.585	Indiana County Industrial Development Authority	IN	Refunding Revenue Bonds
45.910	City of Cleveland	OH	Various Purpose General Obligation Bonds
44.400	Clear Creek Independent School District	TX	Variable Rate Unlimited Tax School Building Bonds
43.630	Hitchcock Independent School District	TX	Unlimited Tax School Building Bonds
34.229	City of Chicago Heights (Cook County)	IL	Multifamily Housing Revenue Bonds
29.160	City of St. Louis Industrial Development Authority	MO	Revenue Bonds



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NOTABLE FIXED DEALS FROM LAST WEEK

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

	*NYC Transitional Finance Authority				Southern California Met Water District				Humble Independent School District			
Issuer	NY				CA				TX			
State	7/15/2032				7/1/2032				2/15/2032			
Call	Tax-Exempt				Tax-Exempt				Tax-Exempt			
Tax Status	492.295				253.365				189.625			
Size (\$mm)	Aa2/AA/AA				Aa1/AAA				Aaa/AAA			
Ratings	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
	2023-2038	5.00	1.44-3.38	4-66	2026-2030	3.00	2.00-2.53	7-22	2024-2039	5.00	1.64-3.25	5-50
	2039	4.00	3.83	108	2031-2040	5.00	2.36-2.96	-3-17	2040-2042	4.00	3.74-3.81	95
									2047	5.00	3.47	52
									2052	4.00	4.00	105

*Cabrera Served as Co-Manager

ECONOMIC CALENDAR (ALL TIMES IN ET)

Monday	Tuesday	Wednesday	Thursday	Friday
25-Jul	26-Jul	27-Jul	28-Jul	29-Jul
8:30 AM Chicago FED National Activity Index	10:00 AM Consumer Confidence Index	2:00 PM Fed Funds Target Rate	8:30 AM Gross Domestic Product, First Release (SAAR)	8:30 AM PCE Inflation Index/Core PCE Price Index
	10:00 AM New Home Sales (SAAR)	2:30 PM FED Chair Jerome Powell Press Conference	8:30 AM Initial/Continuing Jobless Claims	10:00 AM Umich Consumer Sentiment Index (Final)
1-Aug	2-Aug	3-Aug	4-Aug	5-Aug
9:45 AM S&P U.S. Manufacturing PMI (Final)	10:00 AM Job Openings	9:45 AM S&P U.S. Services PMI (Final)	8:30 AM Initial Jobless Claims	8:30 AM Unemployment Rate
	10:00 AM Quits		8:30 AM Continuing Jobless Claims	