



## CABRERA CAPITAL MARKETS LLC

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# MUNICIPAL MARKET UPDATE

### Public Finance

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## PRIMARY MARKET ACTIVITY

Last week the municipal bond market struggled to gain traction yet again with rates increasing anywhere from 4 basis points in the 2-year rate, 16 basis points in the 9-year range and 9 basis points in the 20-30 year range. The 1-year, 5-year, 10-year, 20-year and 30-year rates closed on Friday at 3.27%, 2.93%, 2.95%, 3.68% and 3.91%, respectively. The most difficult part of the yield curve is gradually beginning to correct itself; over the last couple weeks we have discussed the 7-13 year range and the difficulties we have seen in this duration. This past week that range saw the biggest yield increases, so it appears benchmark rates are playing catch up to reflect the slowness in that specific part of the curve. Also, last week, the 1-year MMD was the only maturity to decrease in rates, albeit by only 2 basis points. While we remain in an inverted yield curve environment, the inversion is very slowly beginning to flatten – we still have a long way to go however. On May 25th the difference between the 1-year municipal bond rate and the 30-year rate was only 31 basis points; on Friday that same 1-to-30 year differentiation was 64 basis points. Additionally, SIFMA increased by a whopping 117 basis points to settle at 4.47%; outflows continued at -\$534 million which was representative of the rate increases last week. Moreover, Fed Chairman Powell spoke last week and there were few surprises, with Powell reiterating the fact that inflation was still tracking too high and that further rate increases will be necessary. He, of course, did not hint as to when rates may be increased simply stating that the FOMC will remain vigilant and raise rates when appropriate. The CME Fed Watch tool is currently prognosticating an 80% probability of no rate increase at the next Fed meeting on September 20th.

Treasuries last week were mixed with the 30-year Treasury decreasing as much as 8 basis points from the prior Friday to 4.30%, the 10-year Treasury was steady settling at 4.25% and the 5-year Treasury was up week-over-week by 6 basis points settling at 4.44% on Friday. Treasury Bills remain in the 5.44%-5.61% range. This week is very light in terms of issuance with deals from the City of Jacksonville, FL at \$290 million, a Lakeland, FL \$145 million issue, a San Luis Obispo PFA \$46 million transaction and a San Francisco Redevelopment Agency \$59 million deal, amongst others.

Last week in the Primary Market, the State of Michigan priced a \$1.2 billion State Trunk Line Fund Tax-Exempt issue. The short end of the deal was oversubscribed while the balance of the deal struggled with about \$250 million balance after the order period. The short end was bumped as much as 9 basis points and the long end was cheapened as much as 13 basis points. They did restructure some of the long-end bonds using 5.5% coupons. The New York City Transitional Finance Authority priced a \$1 billion Tax-Exempt issue. The deal garnered about \$206 million in retail orders. The deal was cheapened 2-4 basis points and restructured to add some 5.5% coupons before entering the Institutional order period. The deal did well and was bumped as much as 5 basis points. The Pennsylvania Turnpike Authority priced a \$400 million Tax-Exempt issue. The deal was oversubscribed throughout and was bumped as much as 12 basis points. The Dormitory Authority of the State of New York priced a \$352 million Tax-Exempt issue. The deal did well and was bumped as much as 6 basis points. Celina, Texas Independent School District priced a \$99 million Tax-Exempt issue. The deal was oversubscribed throughout and was bumped 1-8 basis points. The City of San Antonio priced a \$293 million Taxable issue and a \$236 million Tax-Exempt issue. Most of the Taxable deal was unchanged but the shorter end did have to get 5 basis points wider. The Tax-Exempt issue struggled in the 3–9-year part of the curve and was cheapened 1-5 basis points. Approximately \$3 Billion is expected to price this week with a \$665 million Main Street Natural Gas deal headlining the calendar.

On a separate note, we rely on this submission for municipal bond economic and market updates, however we wanted to take a quick moment to discuss our National progress in Public Finance at Cabrera Capital Markets. Nationally, YTD through 8/22/2023 Cabrera is ranked as the #3 General Obligation Negotiated Underwriter in the United States. That is the highest our firm has ranked in that sector and we are working on a daily basis to ensure we continue to expand our footprint Nationally in Public Finance. Additionally, over the past month Cabrera has served as Lead Manager on a \$241 million DFW Airport transaction, a \$151 million San Marcos CISD transaction and a \$16.5 million City of Brownsville, TX deal. Thank you to all our clients nationally for allowing Cabrera Capital the opportunity to continue to serve in both Lead and Co-Managed capacities, the future is certainly bright at Cabrera Capital Markets!



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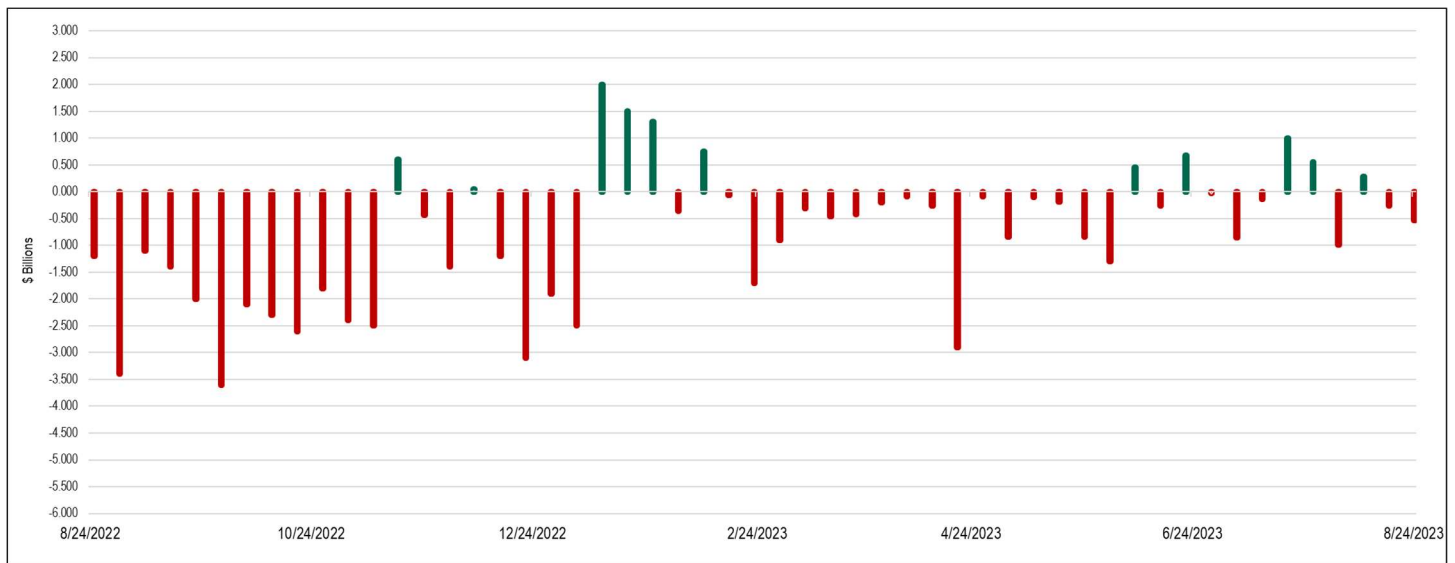
### INTEREST RATE SNAPSHOT

Benchmark	Maturity	8/25/2023 AAA MMD	Change from Last Week (bps)	8/25/2023 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	3.27	+2	5.44	+9	60.11%	8/25/2023	4.47	(\$534)	5.44	0.00
2	2025	3.19	+4	5.03	+11	63.42%	8/18/2023	3.30	(\$264)	5.43	0.00
3	2026	3.06	+8	4.72	+9	64.83%	8/11/2023	3.00	\$278	5.43	0.00
5	2028	2.93	+9	4.44	+6	65.99%					
10	2033	2.95	+11	4.25	-1	69.41%					
20	2043	3.68	+9	4.50	-5	81.78%					
30	2053	3.91	+9	4.30	-8	90.93%					

### MUNICIPAL FUND FLOWS

Week Ended 8/25/2023 saw outflows of \$534 million

Source: Lipper



### UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
665.280	Main Street Natural Gas, Inc.	GA	Gas Supply Revenue Bonds
290.345	City of Jacksonville	FL	Special Revenue and Refunding Bonds
175.000	The Health Care Authority of the City of Huntsville	GA	Refunding Bonds
154.675	City of Lakeland	FL	Energy System Revenue and Refunding Bonds
143.829	City of Dallas Housing Finance Corporation	TX	Residential Development Revenue Bonds
114.405	Housing Authority of the County of King	WA	Affordable Housing Revenue Bonds
100.000	South Carolina State Housing Finance and Development Authority	SC	Mortgage Revenue Bonds
95.500	Tri-Creek 2002 High School Building Corporation	IN	Ad Valorem Property Tax First Mortgage Bonds
75.600	Tolleson Union High School District No. 214	AZ	School Improvement Bonds
66.370	National Finance Authority	NH	Federal Lease Revenue Bonds
57.885	Mount Vernon Independent School District	TX	Unlimited Tax School Building Bonds
57.560	Hidalgo County Drainage District No. 1	TX	Unlimited Tax Improvement Bonds
50.000	Oklahoma Housing Finance Agency	OK	Single Family Mortgage Revenue Bonds
49.905	Brevard County	FL	Solid Waste Management System Revenue Bonds
46.815	San Luis Obispo Public Finance Authority	CA	Lease Revenue Bonds
43.450	Boise State University	ID	General Revenue Project Bonds
35.675	City and County of San Francisco Redevelopment Agency	CA	Tax Allocation Bonds
24.495	City and County of San Francisco Redevelopment Agency	CA	Tax Allocation Bonds



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**NOTABLE FIXED DEALS FROM LAST WEEK**

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

Issuer	<b>*New York Transitional Finance Authority</b>				<b>*State of Michigan Trunk Line</b>				<b>Pennsylvania Turnpike Commission</b>			
State	NY				MI				PA			
Call	11/1/2033				11/15/2033				12/1/2033			
Tax Status	Tax-Exempt				Tax-Exempt				Tax-Exempt			
Size (\$mm)	1,000.000				1,193.645				400.000			
Ratings	Aa1/AAA/AAA				Aa2/AA+				Aa3/AA-/AA-/AA-			
	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
	2025-2043	5.00	3.20-4.18	(2)-50	2024-2043	5.00	3.28-4.15	1-47	2024-2043	5.00	3.33-4.12	4-44
	2044	5.50	4.09	38	2044	5.50	4.10	39	2044	4.25	4.45	74
	2045-2046	5.00	4.27-4.31	52	2046	5.00	4.29	50	2048-2053	5.00	4.39-4.45	54
	2047	5.50	4.20	38	2049	5.25	4.34	47	2053	5.25	4.40	49
	2048	5.00	4.35	50	2049	5.50	4.29	42				
	2050	5.25	4.34	46								
	2053	4.38	4.60	69								

\*Cabrera served as Co-Manager

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

Monday	Tuesday	Wednesday	Thursday	Friday
<b>28-Aug</b>	<b>29-Aug</b>	<b>30-Aug</b>	<b>31-Aug</b>	<b>1-Sep</b>
None Scheduled	10:00 AM Job Openings	8:15 AM ADP Employment	8:30 AM Core PCE Price Index	8:30 AM U.S. Nonfarm Payrolls
	10:00 AM Consumer Confidence	8:30 AM GDP (Revision)	8:30 AM Personal Income MoM	8:30 AM U.S. Unemployment Rate

4-Mar	5-Mar	6-Mar	7-Mar	8-Mar
Labor Day Holiday	10:00 AM Factory Orders	8:30 AM U.S. Trade Deficit	8:30 AM Initial Jobless Claims	10:00 AM Wholesale Inventories
		10:00 AM ISM Services	8:30 AM U.S. Productivity (Revision)	