



CABRERA CAPITAL MARKETS LLC

Brea • Chicago • Dallas • Los Angeles • New York • Philadelphia • San Antonio • Tampa

MUNICIPAL MARKET UPDATE

Public Finance

Mario Carrasco
Managing Director & Head of Investment Banking - Public Finance
(210) 857-8517
mcarrasco@cabreracapital.com
Monday, August 29, 2022

Underwriting

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

PRIMARY MARKET ACTIVITY

The story this past week centered around rate increases, fund outflows, the Fed and pricing spreads widening. The much-anticipated Economic Policy Conference took place this past week where FOMC Chair Jerome Powell spoke and made abundantly clear that the Fed will not slow the pace of rate hikes anytime in the future, at least until inflation is appropriately restrained. Recent economic news led some to believe that the pace of interest rate hikes might be slowed, however the speech from Powell told a different story and the equity markets reacted negatively; on Friday the Dow lost over 1000 points and the Nasdaq lost nearly 500 points. The next Fed meeting is September 20-21 and the current Fed funds rate is currently at a range of 2.25%-2.50%. Municipal bonds on the other hand were steady on Friday after Powell's speech. However, Tuesday and especially Wednesday proved to be challenging for tax-exempt benchmark rates. For the week, the 5-year, 10-year, 20-year and 30-year tax exempt benchmark rates increased from 6 to 12 basis points to settle at 2.2%, 2.54%, 3.09% and 3.23%, respectively. Over the last three months, rates 10 years and shorter have increased anywhere from 5-10 basis points, and anywhere from 20-40 basis points in years 11-30. Reflective of the market tone, municipals again saw \$1.2 billion of outflows from bond funds, the third negative week in a row; since the beginning of the year we have only seen eight positive weeks of fund flows. Also, the weekly SIFMA rate reset at 1.67%, down 12 basis points from last week. Lastly, the Treasury yield curve flattened last week as rates 3 years and shorter increased while rates 5 years and longer decreased; the 5-year, 10-year and 30-year Treasury rates are currently at 3.20%, 3.04% and 3.21%, respectively.

This week Cabrera will serve as Co-Senior on the largest deal of the week, a \$1.78 billion Chicago O'Hare International Airport four-part AMT and non-AMT transaction, which is pricing Tuesday. Cabrera will also be serving as Co-manager on Waco ISD's \$75 million financing and as Co-manager on a \$100 million Illinois Housing transaction, both pricing on Tuesday. Other deals in the market include a City of San Antonio, TX (Public Facilities Corp - Convention Center Expansion Refinancing) \$284.7 million issue, a South Jersey Transportation Authority \$225 million transaction, a Great Lakes Water Authority \$413 million deal, a Las Vegas CVB \$150 million issue, a City of Laredo, TX \$118 million transaction, and a City of Jacksonville, FL \$97 million deal to name a few.

Last week in the primary market, the City of Charlotte, North Carolina priced a \$460 million Tax-Exempt Water and Sewer System Revenue Bond issue. The deal had good results with volatility in the market and was unchanged to 2 basis point bumps. The City of Richmond, California priced a \$150 million Taxable Pension Obligation bond deal. Spreads were tightened by as much as 5 basis points on this issue. Minneapolis-St. Paul Airport priced an AMT and Non-AMT transaction. The \$226 million AMT deal had most of the demand in the 25-year maturity and bumped 10 basis points in that area. The \$145 million Non-AMT transaction saw the most demand in the 10-year area which was bumped 12 basis points. The New York Transitional Finance Authority priced a \$860 million Tax-Exempt deal. The deal had to get 3 basis points cheaper on the long end on repricing. \$6 billion is expected to be priced this week with the \$1.7 billion Chicago O'Hare Airport being the largest transaction.



CABRERA CAPITAL MARKETS LLC

Brea • Chicago • Dallas • Los Angeles • New York • Philadelphia • San Antonio • Tampa

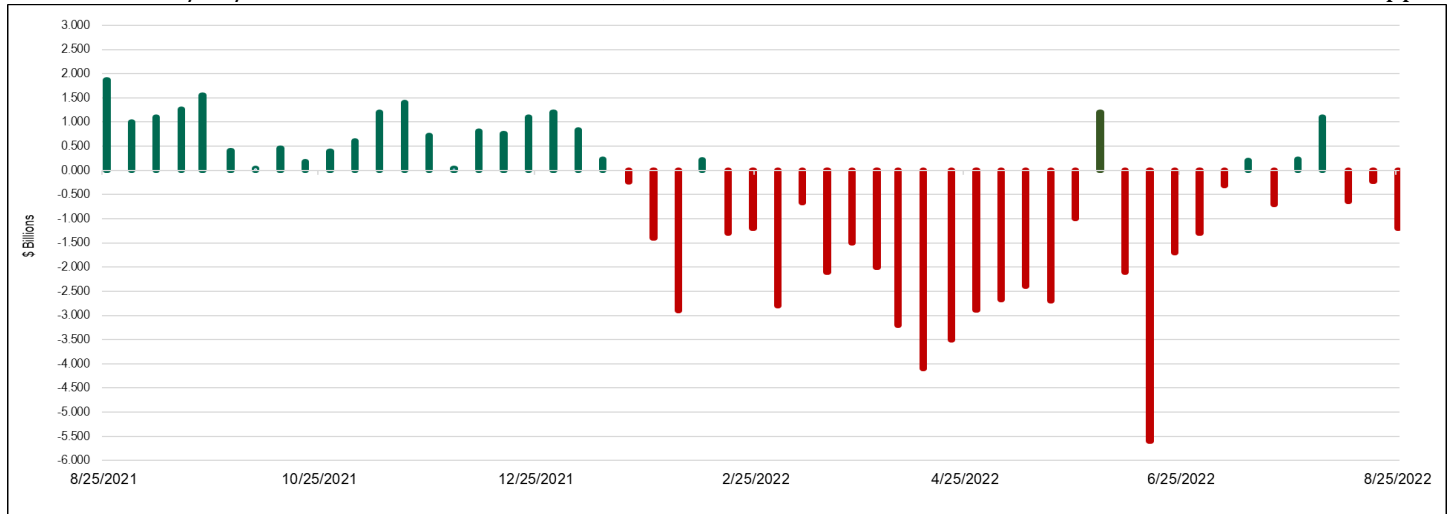
INTEREST RATE SNAPSHOT

Benchmark	Maturity	8/26/2022 AAA MMD	Change from Last Week (bps)	8/26/2022 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	2.19	+4	3.36	+10	65.18%	8/26/2022	1.67	(\$1,200)	2.49	4.10
2	2024	2.21	+5	3.37	+12	65.58%	8/19/2022	1.79	(\$229)	2.37	4.00
3	2025	2.23	+6	3.40	+12	65.59%	8/12/2022	1.83	(\$635)	2.39	3.93
5	2027	2.26	+6	3.20	+9	70.63%					
10	2032	2.54	+6	3.04	+6	83.55%					
20	2042	3.09	+10	3.44	-	89.83%					
30	2052	3.23	+12	3.21	-1	100.62%					

MUNICIPAL FUND FLOWS

Week Ended 8/25/2022 saw outflows of \$1.2 billion, 3rd Consecutive Week of Outflows

Source: Lipper



UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
1,768.005	*City of Chicago (O'Hare International Airport)	IL	Revenue Bonds
696.920	The Oklahoma Development Finance Authority	OK	Ratepayer-Backed Bonds
483.325	The Black Belt Energy Gas District	AL	Gas Project Revenue Bonds
315.730	New Jersey Housing and Mortgage Finance Agency	NJ	Single Family Housing Revenue Bonds (Social)
284.765	City of San Antonio (Texas Public Facilities Corporation)	TX	Lease Revenue Refunding and Improvement Bonds
279.760	County of Washington	OH	Hospital Facilities Revenue Bonds
225.000	South Jersey Transportation Authority	NJ	Transportation System Revenue Bonds
212.025	Manatee County	FL	Revenue Improvement and Refunding Bonds
208.570	Great Lakes Water Authority	MI	Sewage Disposal System Revenue Bonds
206.190	South Carolina State Housing Fin. and Development Auth.	SC	Mortgage Revenue Notes
205.465	Great Lakes Water Authority	MI	Water Supply System Revenue Bonds
150.000	Las Vegas Convention and Visitors Authority	NV	Convention Center Expansion and Renovation Rev. Bonds
118.585	City of Laredo (Webb County)	TX	Waterworks and Sewer System Revenue Bonds
97.880	City of Jacksonville	FL	Special Revenue Bonds
75.000	**Waco Independent School District	TX	Unlimited Tax School Building Bonds

*Cabrera will serve as Co-Senior Manager

**Cabrera will serve as Co-Manager



CABRERA CAPITAL MARKETS LLC

Brea • Chicago • Dallas • Los Angeles • New York • Philadelphia • San Antonio • Tampa

NOTABLE FIXED DEALS FROM LAST WEEK

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

	*NYC Transitional Finance Authority				City of Charlotte				Del Valle ISD			
Issuer	NY				NC				TX			
State	11/1/2032				7/1/2032				6/15/2031			
Call	Tax-Exempt				Tax-Exempt				Tax-Exempt			
Tax Status	831.030				464.680				268.545			
Size (\$mm)	Aa1/AAA/AAA				Aaa/AAA/AAA				AAA			
Ratings	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
	2023-2033	5.00	2.27-3.14	8-48	2023-2040	5.00	2.22-3.22	5-30	2024-2036	5.00	2.31-3.26	11-41
	2034-2038	5.25	3.28-3.60	52-68					2037-2047	4.00	3.75-4.16	87-97
	2034-2038	5.00	3.28-3.60	52-68								

*Cabrera Served as Co-Manager

ECONOMIC CALENDAR (ALL TIMES IN ET)

Monday	Tuesday	Wednesday	Thursday	Friday
29-Aug	30-Aug	31-Aug	1-Sep	2-Sep
None Scheduled	10:00 AM Consumer Confidence Index	8:00 AM Cleveland Fed President Loretta Mester Speaks	8:30 AM Initial Jobless Claims	8:30 AM Unemployment Rate
	11:00 AM New York Fed President John Williams Speaks	6:30 PM Atlanta Fed President Raphael Bostic Speaks	8:30 AM Continuing Jobless Claims	
5-Sep	6-Sep	7-Sep	8-Sep	9-Sep
Labor Day Holiday	9:45 AM S&P US Services PMI (Final)	8:00 AM Cleveland FED President Loretta Mester Speaks	8:30 AM Initial Jobless Claims	10:00 AM Wholesale Inventories Revision
	10:00 AM ISM Services Index	8:30 AM International Trade Balance	8:30 AM Continuing Jobless Claims	