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MUNICIPAL MARKET UPDATE

Public Finance

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PRIMARY MARKET ACTIVITY

Last week the municipal market finally felt some resistance from the buy side. While transactions were still getting done aggressively, they were just not at the oversubscription levels the market had been used to in the prior few weeks. As the week progressed, the market became sluggish and pricing spreads began to widen. On Friday non-farm payrolls (the jobs report) was released and the number was significantly higher than expected, increasing by 528,000 vs. the expected number of 250,000. Rates rose on Friday and secondary municipal trading was a bit sloppy. Chair of the FOMC, Jerome Powell stated recently that they were beginning to see signs of a “strong labor market” and this jobs number was potentially evidence of that, which made some believe the rate hikes, while still necessary in the short term, may not be extended in the longer term as was expected – however this is just speculation.

Moreover, 1- and 2-year MMD increased 21 basis points (1.59%) and 9 basis points (1.69%), respectively last week, which was also a follow up on the recent SIFMA spike we have seen – the weekly short-term SIFMA rate reset this week at 1.68%, up 103 basis points in the past two weeks. Tax exempt floating rate notes and commercial paper are taking the brunt of that increased funding, however, investments on the other hand are attractive, as previously mentioned on this platform. On the Treasury side, the Treasury yield curve is still inverted and rates continued to increase this week; the 1 and 2-year taxable Treasury rates are currently at 3.29% and 3.24%, respectively. The 5-year, 10-year and 30-year rates are currently at 2.97%, 2.83% and 3.06%, respectively.

Lastly, even with the volatility we saw late last week, the overall municipal market saw \$1.1 billion of inflows – one of the largest and few positive inflow weeks of the year so far. After the light last couple of weeks, this week the calendar begins to build with over \$6 billion in negotiated transactions nationwide. Some of the deals pricing this week include, a City of Los Angeles Airport \$990 million issue, a Triborough Bridge and Tunnel \$400 million deal, a City of San Antonio, TX \$285 million transaction, a Cook County, IL \$279 million issue, a Hays CISD, TX \$182 million deal, a Pasadena ISD, TX \$120 million transaction, a Corpus Christi ISD, TX \$63 million issue and a City of Lubbock Electric Light and Power \$56 million deal to name a few.

In the primary market this week, Georgia Ports Authority priced a \$755 million Tax-Exempt issue. The deal was oversubscribed throughout, and bumps ranged from 2 basis points to 13 basis points. The largest bumps were on the long 4% coupons. The Port of Seattle, Washington priced \$792 million in Tax-Exempt, AMT and Taxable deals. The Tax-Exempt deal was oversubscribed throughout, and bumps ranged from 3 basis points to 5 basis points. The AMT deal had spotty interest and levels remained unchanged to 6 basis points lower in the serial range while the terms were bumped 10 basis points. On the Taxable deal, maturities were oversubscribed throughout, and spreads were tightened 3 basis points to 5 basis points. Galveston Independent School District in Texas priced a \$235 million Tax-Exempt issue. The deal garnered good interest and was bumped as much as 5 basis points. The City of Midland in Texas also priced both Taxable and Tax-Exempt issues. The \$167 million Taxable deal spreads remained mostly unchanged, while a few maturities were tightened by 2 basis points. The \$80 million Tax-Exempt issue had good interest and was bumped as much as 3 basis points. This week’s calendar is about \$6 billion and headlined by a \$1 billion Los Angeles Department of Airports transaction.



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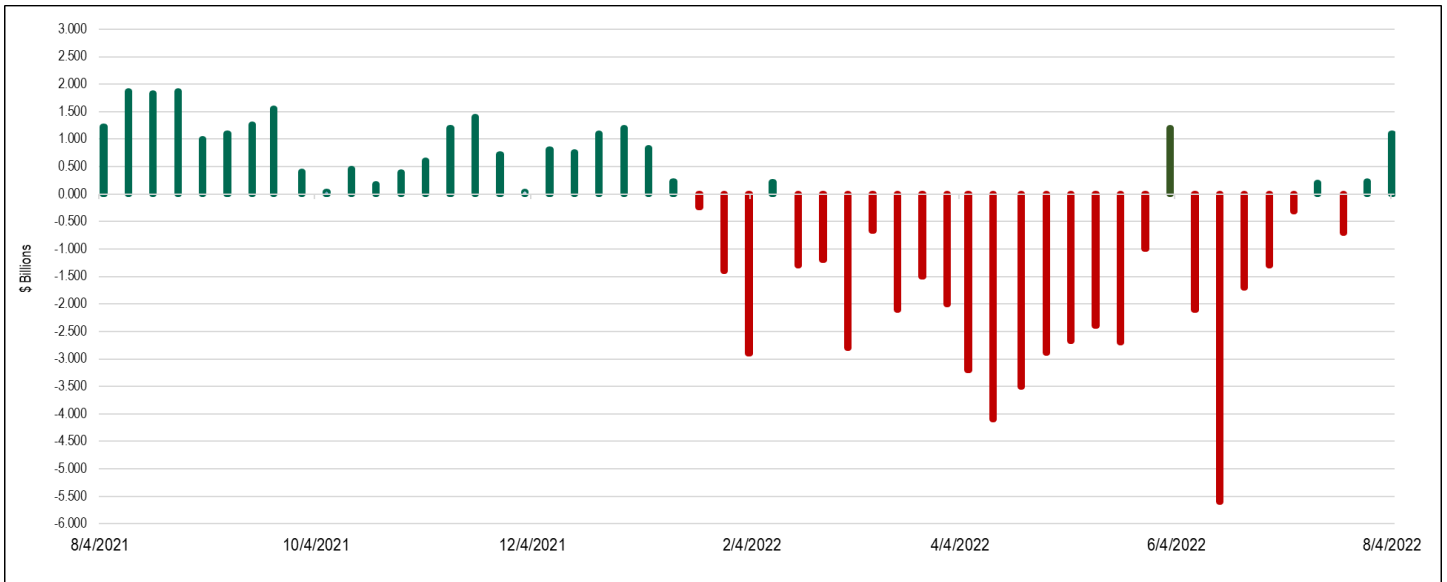
INTEREST RATE SNAPSHOT

Benchmark	Maturity	8/5/2022 AAA MMD	Change from Last Week (bps)	8/5/2022 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	1.59	+21	3.29	+31	48.33%	8/5/2022	1.68	\$1,100	2.37	3.88
2	2024	1.69	+9	3.24	+35	52.16%	7/29/2022	1.33	\$236	2.37	3.76
3	2025	1.71	+4	3.18	+35	53.77%	7/22/2022	0.65	(\$699)	2.26	3.92
5	2027	1.82	+2	2.97	+27	61.28%					
10	2032	2.24	+3	2.83	+16	79.15%					
20	2042	2.77	+2	3.27	+7	84.71%					
30	2052	2.91	+2	3.06	+6	95.10%					

MUNICIPAL FUND FLOWS

Week Ended 8/4/2022 saw inflows of \$1.1 billion, 2nd Consecutive Week of Inflows

Source: Lipper



UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
990.680	Department of Airports of the City of Los Angeles	CA	Refunding Bonds
400.000	Triborough Bridge and Tunnel Authority	NY	General Revenue Bonds
340.000	County of Alameda	CA	General Obligation Bonds
307.375	City of Philadelphia	PA	Water and Wastewater Revenue Bonds
279.805	The County of Cook	IL	General Obligation Refunding Bonds
215.475	The County of Cook	IL	Sales Tax Revenue Bonds
185.835	City of San Antonio	TX	General Improvement Bonds
182.230	Hays Consolidated Independent School District	TX	Unlimited Tax School Building Bonds
180.380	Aubrey Independent School District	TX	Unlimited Tax School Building Bonds
152.790	Northshore School District #417	WA	Unlimited Tax General Obligation and Refunding Bonds
150.000	Sarasota County Public Hospital District	FL	Fixed Rate Hospital Revenue Bonds
121.515	Pasadena Independent School District	TX	Unlimited Tax School Building Bonds
115.500	Lehigh County Industrial Development Authority	PA	Pollution Control Revenue Refunding Bonds
63.640	Corpus Christi Independent School District	TX	Unlimited Tax School Building Bonds
56.555	City of Lubbock	TX	Electric Light and Power System Revenue Bonds



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NOTABLE FIXED DEALS FROM LAST WEEK

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

Issuer	Georgia Ports Authority				Port of Seattle				Forney Independent School District			
	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
State	GA				WA				TX			
Call	7/1/2032				8/1/2032				8/15/2031			
Tax Status	Tax-Exempt				AMT				Tax-Exempt			
Size (\$mm)	755.615				585.930				290.900			
Ratings	Aa2/AA				A1/AA-/AA-				AAA (PSF Insured)			
	2023-2038	5.00	1.42-2.94	1-39	2023-2042	5.00	1.81-3.76	40-103	2033-2040	5.00	2.52-3.06	22-43
	2039	5.25	2.97	38	2047	5.50	3.77	95	2041-2052	4.00	3.66-3.92	96-105
	2040	4.00	3.57	94	2047	5.00	3.88	106				
	2041-2042	5.00	3.16-3.24	46-51								
	2043	5.25	3.19	44								
	2047	5.00	3.35	53								

ECONOMIC CALENDAR (ALL TIMES IN ET)

Monday	Tuesday	Wednesday	Thursday	Friday
8-Aug	9-Aug	10-Aug	11-Aug	12-Aug
11:00 AM NY Fed 3-Year Inflation Expectations	6:00 AM NFIB Small-Business Index	8:30 AM Consumer Price Index	8:30 AM Initial Jobless Claims	10:00 AM Umich 5-Year Inflation Expectations (Preliminary)
			8:30 AM Continuing Jobless Claims	
15-Aug	16-Aug	17-Aug	18-Aug	19-Aug
10:00 AM NAHB Home Builders Index	8:30 AM Building Permits (SAAR)	8:30 AM Retail Sales	8:30 AM Initial Jobless Claims	10:00 AM Advance Report on Services
	8:30 AM Housing Starts (SAAR)		8:30 AM Continuing Jobless Claims	