



## CABRERA CAPITAL MARKETS LLC

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# MUNICIPAL MARKET UPDATE

### Public Finance

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Monday, September 18, 2023

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## PRIMARY MARKET ACTIVITY

Municipal bond rates trended higher for a second week in a row, albeit slightly with rates increasing from 2 to 5 basis points throughout the yield curve. The 5-year, 10-year and 30-year municipal bond rates have been at their highest levels YTD since early August, currently rates are at their highest levels since November of 2022. The 5-year, 10-year, 20-year and 30-year rates currently stand at 2.93%, 3.00%, 3.73% and 3.94%, respectively. The summer reinvestment months are past us and we are currently in a valley in terms of both municipal volume and municipal reinvestment funds – as an example, this week we are expecting another very light week in negotiated municipal primary market volume. As another example, we witnessed approximately \$10 billion in municipal issuance just in Texas in July and August; moreover, in the first two full weeks of September we have seen \$800 million in total Texas issuance. Municipal mutual funds experienced outflows this past week to the tune of \$117 billion, and weekly SIFMA dropped by 44 basis points; two weeks ago SIFMA reset at 4.06%, which has been a nice short term run for municipal Commercial Paper and VRDO programs. On another note, the CPI release last week was a mixed bag however it did not do much to sway interest rates. For the second month in a row, the CPI report resulted in an increase in overall inflation to 3.7% YoY, which was 0.1% higher than economists expected. Core CPI which does not include food and energy prices slowed from 4.7% YoY in July to 4.3% YoY in August. After 11 rate hikes since early 2022, the effects are certainly being felt by way of these recent releases. That being said, this will put a spotlight on future CPI releases, and while it is a near certainty of a no hike at the next FOMC rate meeting, if inflation does begin to tick upward again the Fed could move for another rate hike in late 2023 or early 2024. The hope and anticipation is that the yield curve inversion does begin to calm soon; the 1-year MMD has been trading in a 3.20% band for well over a month and a half.

Additionally, while Treasuries increased last week, they did not move out of their recent relative trading zones. The 5-year, 10-year and 30-year Treasury rates closed on Friday at 4.45%, 4.33% and 4.42%, respectively. Treasury Bills were also steady settling in at the same range for the past few weeks, 5.43%-5.60%. As previously mentioned, this is another slow week in the municipal bond market with deals from San Diego USD at \$670 million, a City of Philadelphia Water \$575 million transaction (Cabrera Capital Co-Manager), a Minneapolis – St. Paul Metropolitan Airport \$170 million issue, a Oceanside USD \$57 million deal and a Central Ohio Transit Authority \$30 million transaction amongst others.

Last week in the Primary market, Ohio State University priced a \$380 million Tax-Exempt deal. The deal was oversubscribed throughout and bumped as much as 6 basis points. The Dormitory Authority of the State of New York priced a \$888 million Tax-Exempt issue and a \$37 million Taxable issue. The Tax-Exempt issue did well, especially in the 15-year area where yields were lowered by 5 basis points from the retail order period through final pricing. On the Taxable deal, spreads remained unchanged to 5 basis points tighter. The City of Honolulu priced a \$188 million Tax-Exempt issue. The maturities in 2028 through 2039 were oversubscribed after the retail order period and were bumped 2-5 basis points before the institutional order period. The long end did well during the institutional order period and was bumped 2-10 basis points. Indianapolis Public Schools priced a \$130 million Tax-Exempt issue. The deal was oversubscribed throughout and bumped 3-8 basis points. The City of Charlotte priced a \$369 million Airport deal. The \$269 million Non-AMT deal was oversubscribed throughout and bumped 2-13 basis points, while the \$110 million AMT deal pricing was unchanged. The City of Austin priced a \$256 million Tax-Exempt issue with mixed results. Some of the shorter maturities did well and were bumped as much as 5 basis points, while the long end remained unchanged and had balances of approximately \$40 million. About \$4.5 billion is expected to price this week with a \$670 million San Diego USD deal headlining the calendar.



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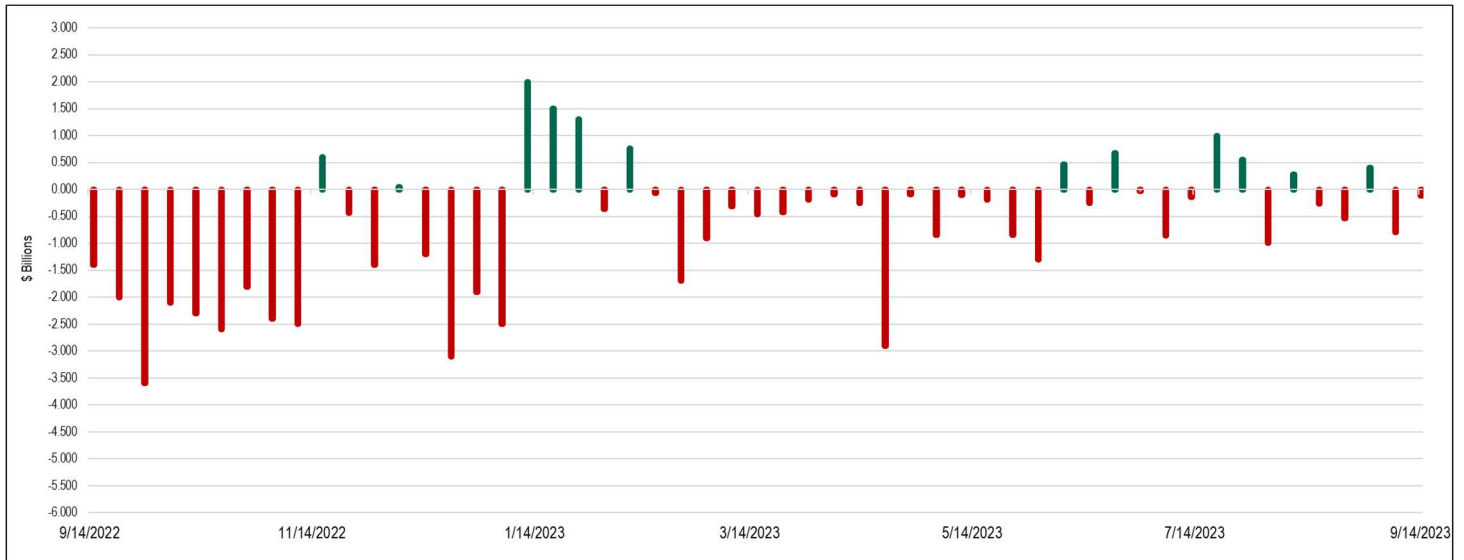
### INTEREST RATE SNAPSHOT

Benchmark	Maturity	9/15/2023 AAA MMD	Change from Last Week (bps)	9/15/2023 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	3.25	-	5.43	+1	59.85%	9/15/2023	2.97	(\$117)	5.45	0.00
2	2025	3.13	-	5.02	+4	62.35%	9/8/2023	3.41	(\$798)	5.44	0.00
3	2026	3.01	-	4.72	+4	63.77%	9/1/2023	4.06	\$408	5.44	0.00
5	2028	2.93	+5	4.45	+6	65.84%					
10	2033	3.00	+2	4.33	+7	69.28%					
20	2043	3.73	+2	4.59	+7	81.26%					
30	2053	3.94	+2	4.42	+9	89.14%					

### MUNICIPAL FUND FLOWS

Week Ended 9/15/2023 saw outflows of \$117 million

Source: Lipper



### UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
670.000	San Diego Unified School District	CA	General Obligation Bonds
578.720	Patriots Eneergy Group Financing Agency	SC	Gas Supply Revenue Bonds
<b>575.000</b>	<b>City of Philadelphia*</b>	<b>PA</b>	<b>Water &amp; Wastewater Revenue Bonds</b>
328.165	Washington State Housing Finance Commission	WA	Municipal Certificates Class X
328.165	Washington State Housing Finance Commission	WA	Municipal Certificates Class A
<b>262.765</b>	<b>New Jersey Educational Facilities Authority*</b>	<b>NJ</b>	<b>Revenue Bonds</b>
170.925	St. Paul Metropolitan Airport Commission	MO	Subordinate Airport Revenue Refunding Bonds
143.829	City of Dallas Housing Finance Corporation	TX	Residential Development Revenue Bonds
90.000	City of Terre Haute	IN	Sanitary District Bond Anticipation Notes
80.000	Missouri Housing Development Commission	MO	Single Family Mortgage Revenue Bonds
57.685	Oceanside Unified School District	CA	General Obligation Bonds
55.695	City of Laredo	TX	Combination Tax and Revenue Certificates of Obligation
45.705	Idaho Health Facilities Authority	ID	Revenue and Refunding Bonds
45.000	New Hampshire Housing Finance Authority	NH	Single Family Mortgage Acquisition Revenue Bonds
43.000	Montana Board of Housing	MT	Single Family Mortgage Bonds
33.120	City of Pasco	WA	Water and Sewer Improvement and Refunding Revenue Bonds
30.135	Health and Educational Facilities	MO	Educational Facilities Revenue Bonds
30.000	Central Ohio Transit Authority	OH	General Obligation Bonds

\*Cabrera will serve as Co-Manager



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### NOTABLE FIXED DEALS FROM LAST WEEK

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

Issuer	*Dormitory Authority of the State of New York				City of Austin				Charlotte Douglas International Airport			
State	NY				TX				NC			
Call	3/15/2033				9/1/2033				7/1/2033			
Tax Status	Tax-Exempt				Tax-Exempt				Tax-Exempt			
Size (\$mm)	888.855				221.950				256.875			
Ratings	Aa3/ A+				AAA / AA+				Aa3 / AA-			
	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
	2027-2040	5.00	3.03-3.95	9-36	2036-2043	5.00	3.37-4.08	12-35	2024-2053	5.00	3.88-4.69	7-39
	2041-2042	4.00	4.25-4.30	61					2053	5.25	4.26	32

### ECONOMIC CALENDAR (ALL TIMES IN ET)

Monday	Tuesday	Wednesday	Thursday	Friday
18-Sep	19-Sep	20-Sep	21-Sep	22-Sep
10:00 AM Home Builders Confidence Index	8:30 AM Housing Starts	2:00 PM Fed Interest-Rate Decision	8:30 AM Initial Jobless Claims	8:30 AM S&P Flash U.S Service PMI
	8:30 AM Building Permits	2:30 PM Fed Chair Powell Press Conference	10:00 AM U.S. Leading Economic Indicators	8:30 AM S&P Flash U.S Manufacturing PMI

25-Sep	26-Sep	27-Sep	28-Sep	29-Sep
None Scheduled	8:30 AM New Home Sales	8:30 AM Durable-Goods Orders	8:30 AM Initial Jobless Claims	8:30 AM Personal Income
	10:00 AM Consumer Confidence		8:30 AM GDP (Revision)	8:30 AM Personal Spending
				8:30 AM PCE Index