



CABRERA CAPITAL
MARKETS

MUNICIPAL MARKET UPDATE

Public Finance

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

Underwriting

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

Monday, March 17, 2025

PRIMARY MARKET ACTIVITY

Last week was one to forget with regards to the municipal market. Long-dated municipal bond prices fell the most in more than two years on Wednesday with too many market factors to digest sidelining investors, as fears about a weakening economy and heavy issuance pushed yields higher. More government jobs were cut last week as there are no signs of the effects of DOGE implementation slowing down. US Treasury yields were volatile throughout the week but remained mostly unchanged week over week with the 10-year ending the week at a 4.31. Long end ratios now stand at approximately 90%, the highest since November 2023. Municipal bonds flipped the script last week with their first week of outflows (-\$373 million) after posting seven consecutive weeks of inflows. SIFMA increased dramatically for the week, up to 3.62 from 2.25.

Year over year CPI came out last week for the month of February at 2.8%, which was lower than both the expected and previous month's rate. PPI came in at 3.2% for February which was a decrease from January's number of 3.7%. Consumer sentiment fell to a 29-month low due to the growing uncertainty in the economy. Inflation eased for the month of February, but tariffs still loom over the U.S. economy going forward. All eyes are set on the FOMC meeting to take place this week. It's almost certain that the Fed will keep rates unchanged for this month although the Fed still seems to be on course for three total rate cuts in 2025 with the first expected to take place in June. This goes to show the sensitivity of the market right now because even with rates expected to go unchanged, the negotiated calendar is much lighter than usual because of it.

INTEREST RATE SNAPSHOT

MMD Week of March 10th				UST Week of March 10th			
Term	Starting (3/10)	Ending (3/14)	Change	Term	Starting (3/10)	Ending (3/14)	Change
2yr	2.56%	2.62%	+6bp	2yr	3.99%	4.02%	+3bp
5yr	2.71%	2.80%	+9bp	5yr	4.09%	4.09%	-
10yr	2.96%	3.12%	+16bp	10yr	4.32%	4.31%	-1bp
20yr	3.80%	3.97%	+17bp	20yr	4.66%	4.65%	-1bp
30yr	4.05%	4.21%	+16bp	30yr	4.62%	4.62%	-

Approximately \$5.40 billion is expected to be priced this week, a much lighter forward negotiated calendar than usual. Looking ahead, this week's largest deals include:

- ✦ \$1.12 billion Metropolitan Transportation Authority Transportation Revenue Refunding Green Bonds, Series 2025A (A3/A-/AA/AA)
- ✦ \$913.95 million The Black Belt Energy Gas District Gas Project Revenue Bonds, 2025 Series B (Baa1/NR/NR/NR)
- ✦ \$813.21 million Main Street Natural Gas, Inc. Gas Supply Revenue Bonds, Series 2025B & BPOT (A3/NR/NR/NR)



**CABRERA CAPITAL
MARKETS**

SELECT DEALS LAST WEEK:

- ✦ The New York City Transitional Finance Authority (Aa1/AAA/AAA/NR) (Cabrera co-manager) priced \$1.5 billion of Future Tax Secured Subordinate Bonds. Almost every week for the past month, a nearly billion-dollar New York transaction has been brought to market across NYC TFA, NYC Water, and NYC GO causing spreads to widen as the market struggles to digest the heavy supply. The Authority began the Retail Order Period Tuesday and only garnered \$320 million in retail orders for the \$1.5 billion transaction. Going into the Institutional Order period, shortly after the CPI release when the municipal benchmark displayed large cuts, the scale was cut 10-18 basis points. The transaction did well in the Institutional Order Period at the cheaper levels and ended up being bumped 1-8 basis points for most of the scale excluding 2026, 2038-2041, and 2052.
- ✦ Fort Worth Independent School District (PSF Aaa/NR/NR/NR, Underlying Aa1/NR/NR/NR) (Cabrera senior manager) priced \$88.8 million of Unlimited Tax Refunding Bonds. The refunding was structured short through 10 years and was non-callable. As the transaction entered the preliminary order period on Tuesday, the market was holding in, until political turmoil sparked a sell off in treasuries contributing to a slow order period. From preliminary to final pricing, the scale was bumped 1 to 4 basis points and Cabrera underwrote over \$6 million in balances while maintaining the pricing levels.
- ✦ Desert Sands Unified School District (Aa2/AA/NR/NR) priced \$200 million of General Obligation Bonds across two series, one of which was a \$50 million series that had a 2-month forward settlement. The \$150 million series did very well in the primary market, specifically on the short end, and had bumps 3-12 basis points. In 10 years, the spreads were bumped 12 basis points and ended at 30 basis points through the MMD. The Forward Settlement transaction struggled in the primary market and had to be cheapened 5-10 basis points throughout.
- ✦ Miami-Dade County (Aa2/NR/AA+/NR) priced \$220 million Public Facilities Revenue and Refunding Bonds for Jackson Health System. The scale remained unchanged from premarketing to preliminary pricing, but it struggled during the order period. Spreads were bumped 1-10 basis points, with the more significant bumps on the long end and around \$23 million in balances remained.

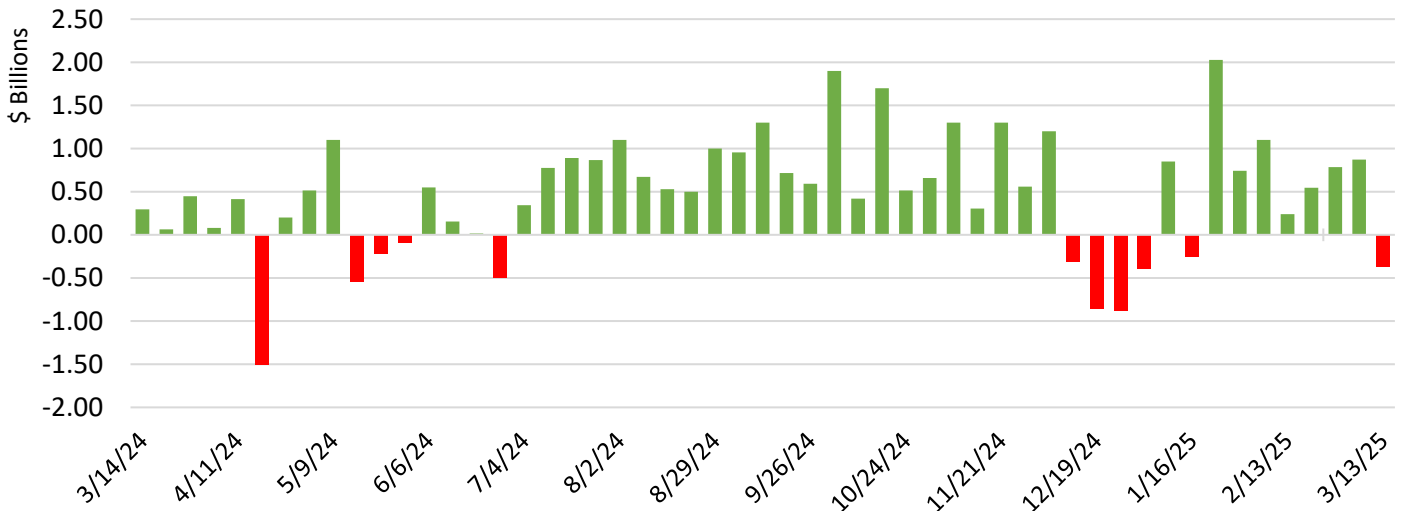


**CABRERA CAPITAL
MARKETS**

MUNICIPAL FUND FLOWS

Week Ended 3/14/2025 saw outflows of \$373 million

Source: Lipper



UPCOMING NEGOTIATED CALENDAR

Size (\$mm)	Issuer	State	Description
1,120.405	Metropolitan Transportation Authority	NY	Transportation Revenue Refunding Green Bonds
608.455	Alabama Federal Aid Highway Finance Authority	AL	Special Obligation Revenue Bonds
509.180	San Diego Unified School District	CA	2025 General Obligation Refunding Bonds
387.300	Pennsylvania Economic Development Financing Authority	PA	Upmc Revenue Bonds
348.539	National Finance Authority	NH	Municipal Certificates
312.550	Pennsylvania Economic Development Financing Authority	PA	UPMC Revenue Bonds
307.320	Core Natural Resources, Inc.	DE	Solid Waste Disposal Facility Revenue Bonds
166.105	Grossmont Healthcare District	CA	2025 General Obligation Refunding Bonds
150.000	Illinois Housing Development Authority	IL	Revenue Bonds
145.160	Public Finance Authority	WI	Educational Facilities Revenue Bonds
139.300	School District of Janesville	WI	General Obligation Promissory Notes
137.225	County of Hamilton	OH	Hospital Facilities Revenue Bonds
116.665	Illinois Housing Development Authority	IL	Revenue Bonds
76.390	Madison County Capital Resources Corporation	NY	Revenue Bonds
75.000	Arkansas Development Finance Authority	AR	Single Family Mortgage Revenue Bonds
74.870	Hudson County Improvement Authority	NJ	Revenue Bonds
65.000	Menlo Park City School District	CA	General Obligation Bonds
54.005	School District No. 58 of Du Page County (Downers Grove)	IL	General Obligation School Bonds



**CABRERA CAPITAL
MARKETS**

NOTABLE FIXED DEALS FROM LAST WEEK

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

Fort Worth ISD TX Non-Callable Tax-Exempt 88.825 PSF Aaa				NYC Transitional Finance Authority NY 5/1/2035 Tax-Exempt 1,500.000 Aa1/AAA/AAA/NR				Miami-Dade County FL 6/1/2035 Tax-Exempt 219.645 Aa2/NR/AA+/NR			
Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread	Maturity	Coupon	Yield	Spread
2025-2035	5.000	2.640-3.150	10-19	2026-2044	5.000	2.750-4.230	23-49	2026-2036	5.000	2.690-3.400	17-40
				2045	5.250	4.270	45	2040-2045	5.000	3.760-4.270	47
				2046	5.000	4.400	50	2050	5.000	4.350	37
				2048	5.250	4.420	46	2055	5.500	4.520	47
				2050	5.000	4.510	51				
				2051	5.500	4.390	37				
				2052	4.500	4.660	62				

Cabrera served as Senior Manager

Cabrera served as Co-Manager

ECONOMIC CALENDAR (ALL TIMES IN ET)

Monday	Tuesday	Wednesday	Thursday	Friday
17-Mar	18-Mar	19-Mar	20-Mar	21-Mar
8:30 AM US retail sales	8:30 AM Housing starts	2:00 PM FOMC interest-rate decision	8:30 AM Initial Jobless Claims	None scheduled
10:00 AM Business inventories	8:30 AM Import price index	2:30 PM Fed Chair Powell press conference	10:00 AM U.S. leading economic indicators	
			10:00 AM Existing home sales	
24-Mar	25-Mar	26-Mar	27-Mar	28-Mar
9:45 AM S&P U.S. services PMI	9:00 AM S&P Case-Shiller home price index (20 cities)	8:30 AM Durable-goods orders	8:30 AM Initial Jobless Claims	8:30 AM Personal Income
9:45 AM S&P U.S. manufacturing PMI	10:00 AM Consumer confidence	8:30 AM Durable-goods minus transportation	8:30 AM GDP (second revision)	8:30 AM PCE (year-over-year)
			8:30 AM Advanced U.S. trade balance in goods	8:30 AM Core PCE (year-over-year)