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Weekly Healthcare Market Update

December 19, 2022

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Capital Markets Update

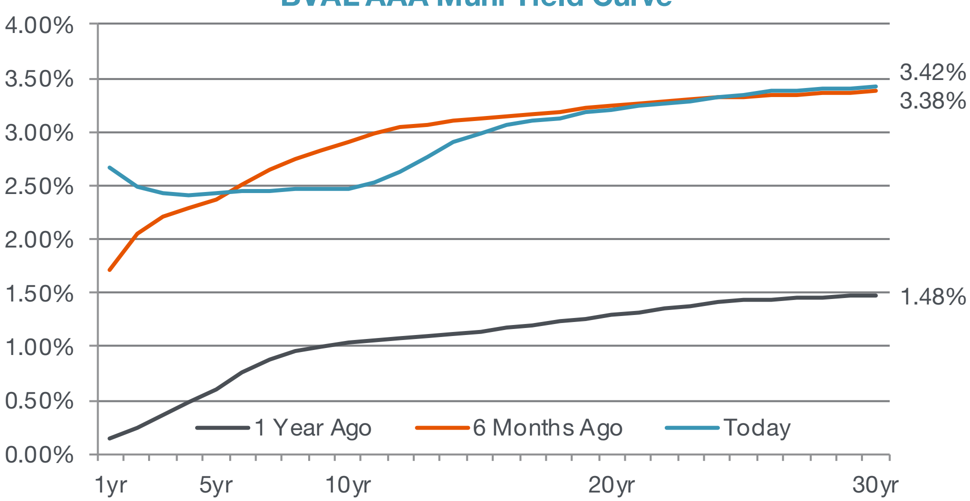
MARKET COMMENTARY

Markets received an early Christmas present last Tuesday when the November Consumer Price Index report came in below market expectations, signaling that inflation continues to cool. However, Fed Chair Jerome Powell ended the merriment on Wednesday by announcing a 50 bp increase to the fed funds rate, bringing the target range to 4.25% - 4.50%, and more importantly (and jarring) to markets was the Fed forecast that showed the fed funds rate peaking at 5.1% in 2023, which is 50 bps higher than their last forecast. The Fed does not expect reductions in the fed funds rate until 2024 and Chairman Powell confirmed that the central bank will remain committed to its tight monetary policy. “The historical record cautions strongly against prematurely loosening policy. We will stay the course, until the job is done,” Powell said in his press conference.

US Treasury Market			Tax-Exempt Market			Tax-Exempt to Taxable Ratios		
US Treasury	Current Yield	Weekly Change	BVAL “AAA” Muni Yield	Current Yield	Weekly Change	Muni / TSY Ratio	Current Ratio	Previous Week
1 Year	4.61%	-11 bps	1 Year	2.66%	17 bps	5Y Muni / TSY	67.3%	65.9%
5 Year	3.61%	-14 bps	5 Year	2.43%	-4 bps	10Y Muni / TSY	71.0%	70.3%
10 Year	3.48%	-9 bps	10 Year	2.47%	-4 bps	30Y Muni / TSY	96.9%	97.2%
20 Year	3.73%	-9 bps	20 Year	3.21%	-4 bps			
30 Year	3.53%	-3 bps	30 Year	3.42%	-4 bps			

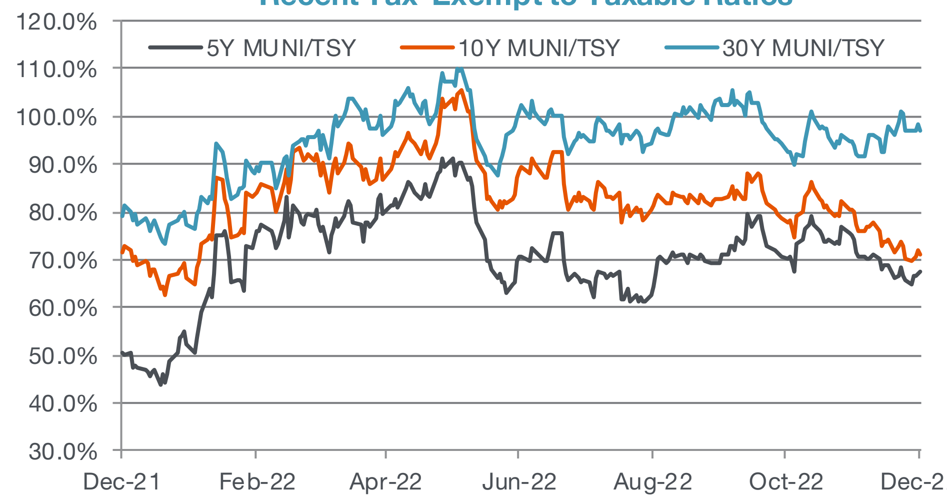
Source: Piper Sandler, Treasury.gov, Bloomberg

BVAL AAA Muni Yield Curve



Source: Bloomberg

Recent Tax-Exempt to Taxable Ratios



Source: Bloomberg, Treasury.gov

*Rates as of 12/16/2022

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Healthcare Market Update

PRICINGS LAST WEEK

No healthcare issues priced last week.

Selected Healthcare Financings Priced the Week of 12/12/2022							
Borrower	Par Amount ($000s)	Rating (M/S/F)	Spread	Coupon/Yield	Maturity	Tax Status	Purpose
No negotiated healthcare issues above $10 million priced last week							

EXPECTED PRICINGS THIS WEEK

No healthcare issues are expected to price this week.

Selected Healthcare Financings Expected the Week of 12/19/2022					
Borrower	Par Amount ($000s)	Rating (M/S/F)	Expected Pricing Date	Tax Status	Purpose
No healthcare issues on the negotiated calendar					

RECENT RATING ACTIONS

Selected Rating Actions for the Week of 12/12/2022		
Borrower	Rating (Outlook)	Note
Moody's		
Mem Sloan Kettering (NY)	Aa3 (Neg)	Rating affirmed
TidalHealth (MD)	Baa1 (Sta)	Downgraded

Selected Rating Actions for the Week of 12/12/2022		
Borrower	Rating (Outlook)	Note
Standard and Poor's		
Allina Health System (MN)	AA- (Neg)	Revised to Neg
Casa Colina (CA)	A- (Sta)	Rating affirmed

Selected Rating Actions for the Week of 12/12/2022		
Borrower	Rating (Outlook)	Note
Fitch		
ThedaCare (WI)	AA- (Sta)	Rating affirmed
TriHealth (OH)	AA- (Sta)	Rating affirmed

Note: Expected pricings based on negotiated calendar which was released on Thursday, December 15.

Fixed Income Analytics Group

IN-DEPTH MARKET ANALYSIS

Piper Sandler has a nationally recognized fixed income analytics team that provides comprehensive research into market trends and outlook.

[Good News from The Inflation Front (Consumer Price Index)]

"Inflation continued to cool down in November as the monthly pace for both headline and core CPI fell below expectations. On annual basis, headline CPI posted its 5th consecutive decline, while for core it was the 2nd successive drop, suggesting the inflation peak is behind us. While Americans did pay more for food at grocery stores as well as dining out, they paid less for gasoline prices and used cars. Easing of supply chain disruptions are bringing a clear relief to goods inflation. On the other hand, shelter costs increased from 6.9% to 7.1% year over year, although on a monthly basis they posted their smallest rise in four months. With private sector measures of rent growth having peaked 6 to 9 months ago, we anticipate CPI shelter costs are also close to peaking given the long lag in the Labor Department data. That said, there is still a sustained divergence between services and goods price pressures, that should keep the Fed cautious in its outlook for inflation. Nevertheless, the softer CPI report indicates that inflation is no longer worsening."

[Determined to Cause a Recession? (FOMC)]

"Preliminary results from the University of Michigan show that consumers turned slightly more optimistic in the first week of December, with the index sentiment retracing most of the November drop. The increase in confidence was driven by improvements in both, the sentiment for current conditions as well as future economic expectations. In addition, buying conditions for durables goods, houses and cars turned more positive helped by the sizable drop in rates over the past two months. Indeed, the 10yr Treasury rate has fallen by almost 80 bp. Supported by falling gasoline prices, expected one year-ahead inflation declined to its lowest level since September 2021, but still remains well above its levels from 2 year ago. However, at 3.0%, long run inflation expectations seem more sticky as they have remained elevated in the narrow range of 2.9- 3.1% for 16 out of the last 17 months."

[The Grinch is Here (Retail Sales)]

"After four consecutive jumbo hikes of 75 bp, the Fed scaled back the size of its rate hike and boosted rates by 50 bp. The Fed's key interest rate is now in the range of 4.25% to 4.50%, which is its highest level in 15 years. The Fed statement was identical to the November wording, with the exception of a couple of cosmetic changes. Furthermore, it maintained hawkish language that 'ongoing increases' in the Fed funds target will be appropriate, despite recent signs that inflation is cooling. The hawkish bent, was further reinforced by the Fed's projections that now show the Fed funds rate peaking in the range between 5% and 5.25%, which is 50 bp higher than their last forecast. Central bank officials were unified on the need to raise rates, with 17 of the 19 participants projecting a terminal Fed funds rate of over 5%, although the markets are not as hawkish as Fed officials and expect Fed funds rate to peak between 4.75% and 5.00%. More importantly, the FOMC lowered its 2023 GDP growth rate from 1.2% to 0.5%, just above levels that would be consistent with a recession. In addition, the Fed expects unemployment to rise by 0.9% to 4.6% in 2023, which would be also consistent with a recession according to the Sahm Rule. With Powell stating in the press conference 'We still have some ways to go', it seems the Fed is committed to bringing inflation down even if it leads to an economic contraction."

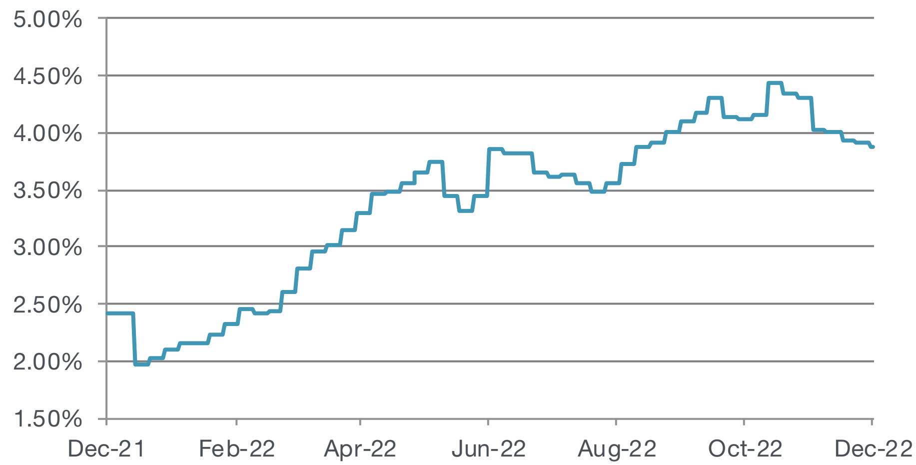
Rate Movements Last 12 Months

LONG-TERM AND SHORT-TERM RATES

Index	Current	Max	Min	Average
BBRBI	3.87%	4.44%	1.97%	3.37%
10Y Muni	2.47%	3.41%	1.03%	2.38%
10Y Treasury	3.48%	4.25%	1.41%	2.86%
SIFMA	3.73%	3.73%	0.04%	1.07%
1M LIBOR	4.35%	4.35%	0.10%	1.76%
SIFMA/LIBOR Ratio	85.7%	142.0%	27.7%	68.2%

Long-Term Rates

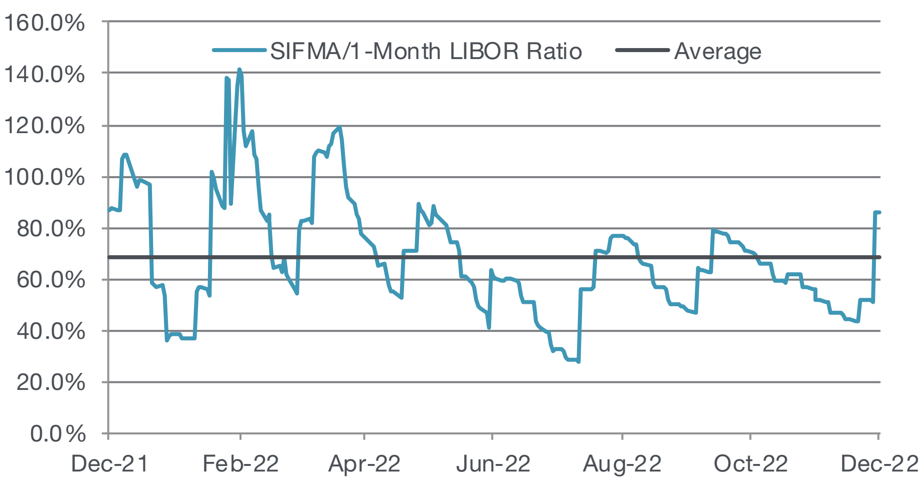
The Bond Buyer Revenue Bond Index



Source: Bond Buyer

Short-Term Rates

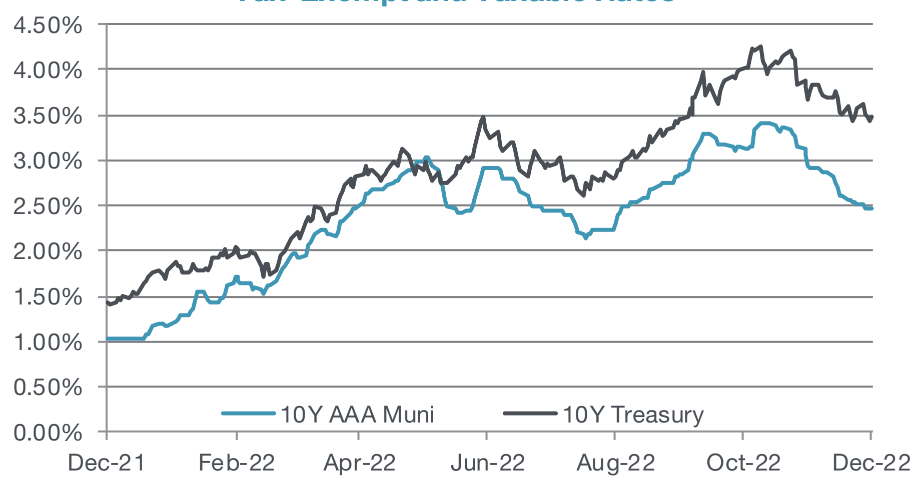
SIFMA/1-Month LIBOR Ratio



Source: SIFMA, Bloomberg

Long-Term Rates

Tax-Exempt and Taxable Rates

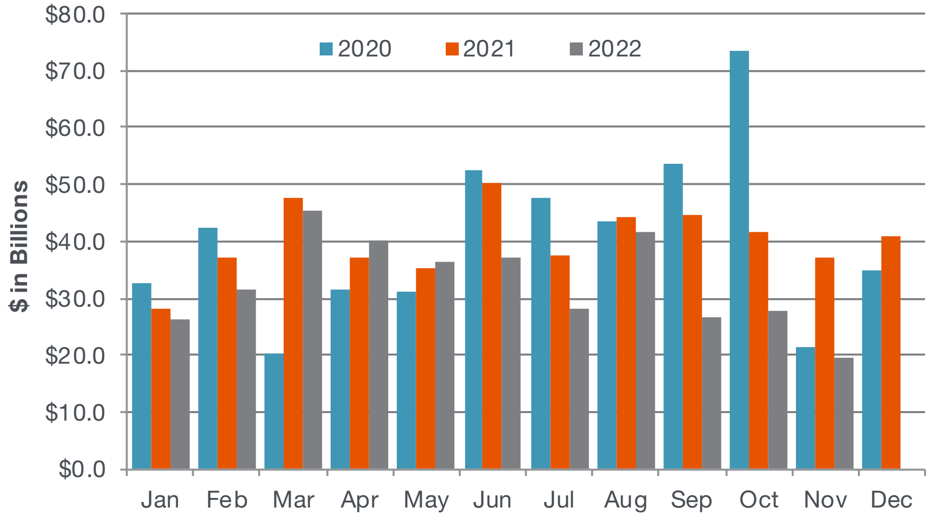


Source: Treasury.gov, Bloomberg

Bond Buyer Revenue Bond Index (BBRBI) shows the average yield on a basket of 25 revenue bonds with 30-year maturities and an average rating equivalent to Moody's "A1" and S&P's "A+"
Bloomberg's BVAL AAA Callable Curve (Muni) is the yield curve of the highest-rated ("AAA" GO) municipal bonds
SIFMA rate is a weekly short-term index comprised of tax-exempt variable rate bonds which serves as a benchmark floating rate
London Interbank Offered Rate (LIBOR) is a benchmark rate at which the world's banks charge each other for short-term loans

Municipal Bond Supply and Economic Calendar

Primary Monthly Issuance Volume



Source: Bond Buyer

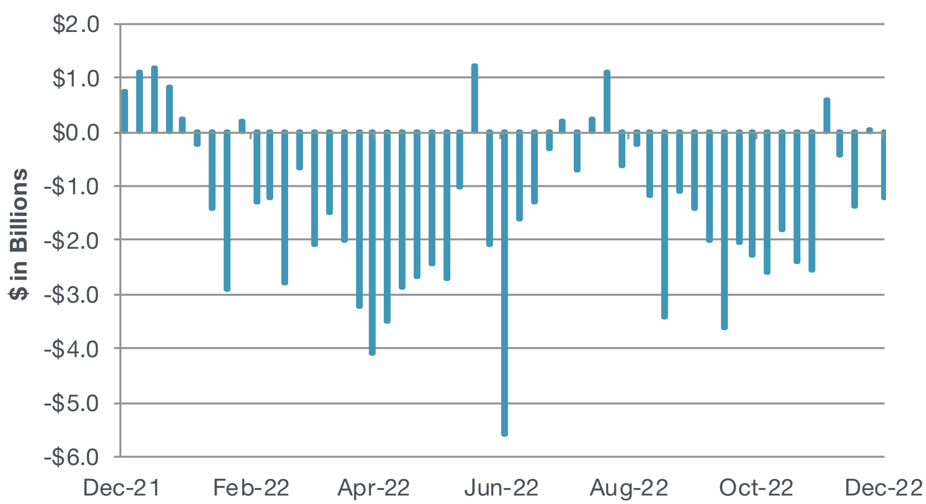
Economic Outlook

Monday, December 19	Tuesday, December 20	Wednesday, December 21
Housing Market Index	Housing Starts / Permits	Consumer Confidence
		Existing Home Sales
		EIA Petroleum Status

Thursday, December 22	Friday, December 23
GDP	Durable Goods Orders
Jobless Claims	Personal Income / Outlays
EIA Natural Gas Report	New Home Sales
Fed Balance Sheet	Consumer Sentiment

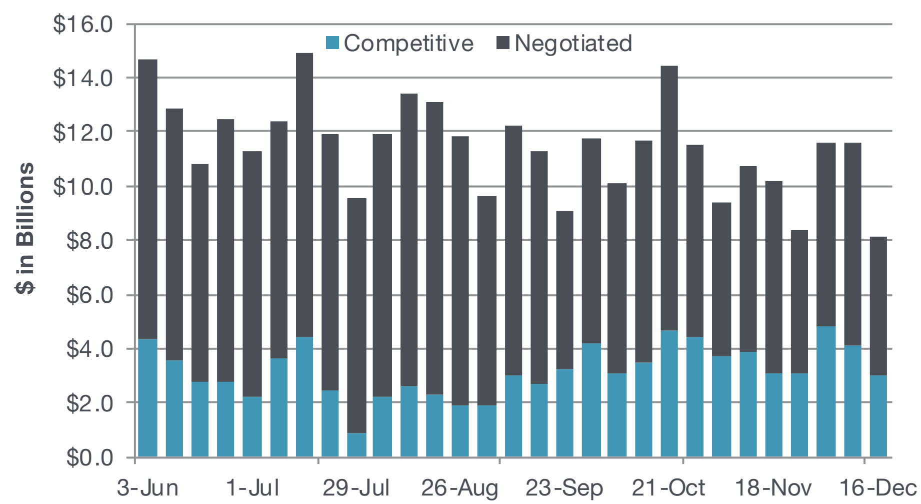
Reference Key
Market Moving Indicator
Merits Extra Attention
Source: Bloomberg.com

Long-Term Municipal Fund Weekly Net Cash Flows



Source: Lipper

Visible Supply - Weekly Averages



Source: Bond Buyer

Visible Supply reflects the dollar volume of bonds expected to reach the municipal market in the next 30 days.

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