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Weekly Healthcare Market Update

February 6, 2023

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Capital Markets Update

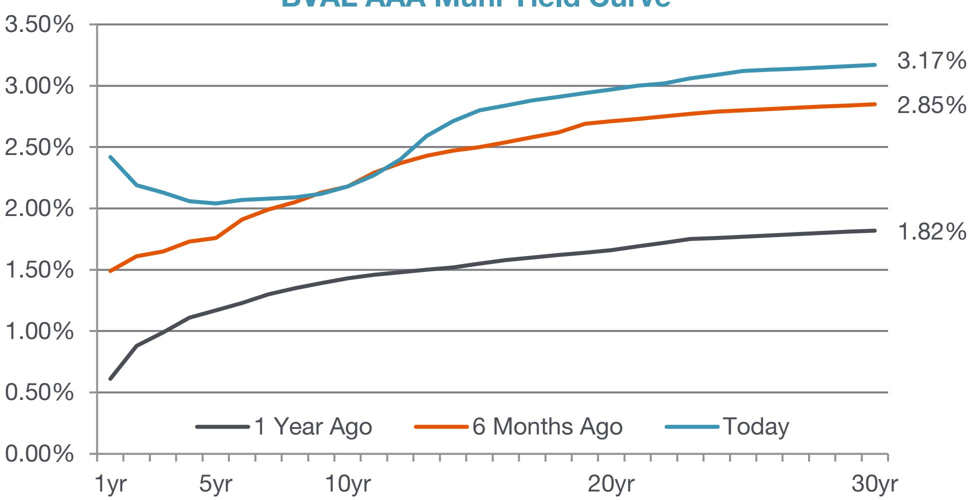
MARKET COMMENTARY

As expected, the Fed increased the fed funds rate 25 bps at last week's FOMC meeting. The move pushed the fed funds range to 4.50% - 4.75%, its highest level in nearly 16 years. The market reacted positively to the quarter point hike and Chairman Powell's press conference as the 10yr Treasury yield fell double digit bps following the announcement. However, the market staggered on Friday following the release of a surprisingly strong January jobs report. Treasury yields gave back the rally they experienced earlier in the week and the 10yr Treasury yield finished the week 1 bp higher. Market participants now expect the Fed to continue rate hikes later into 2023 to cool the economy as the odds of a rate hike in May increased from 22% to 60% after the jobs report release.

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	4.79%	11 bps	1 Year	2.42%	9 bps	5Y Muni / TSY	55.6%	56.6%
5 Year	3.67%	5 bps	5 Year	2.04%	-1 bps	10Y Muni / TSY	61.8%	62.2%
10 Year	3.53%	1 bps	10 Year	2.18%	-1 bps	30Y Muni / TSY	87.3%	87.9%
20 Year	3.77%	0 bps	20 Year	2.97%	-2 bps			
30 Year	3.63%	-1 bps	30 Year	3.17%	-3 bps			

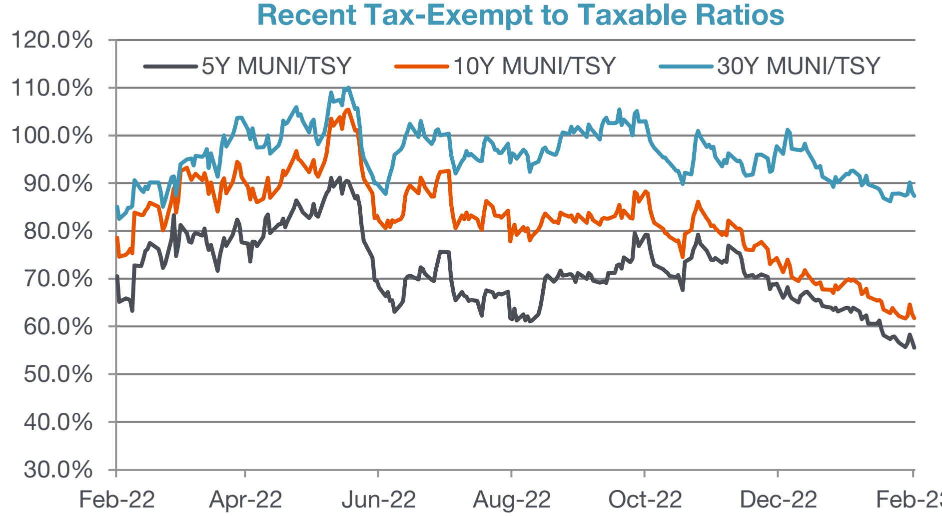
Source: Piper Sandler, Treasury.gov, Bloomberg

BVAL AAA Muni Yield Curve



Source: Bloomberg

Recent Tax-Exempt to Taxable Ratios



Source: Bloomberg, Treasury.gov

*Rates as of 2/3/2023

Healthcare Market Update

PRICINGS LAST WEEK

A micro hospital financing priced last week. The micro hospital will be partially managed by Lehigh Valley Health Network (PA).

Selected Healthcare Financings Priced the Week of 1/30/2023							
Borrower	Par Amount ($000s)	Rating (M/S/F)	Spread	Coupon/Yield	Maturity	Tax Status	Purpose
LVHN Micro Hospitals (PA)	$56,025	NR/NR/NR	4.38%	7.50%/7.50%	2052	Tax-Exempt	New Money
LVHN Micro Hospitals (PA)*	16,000	NR/NR/NR	4.70% (30Y TSY)	8.25%/8.25%	2052	Taxable	New Money
Total	**$72,025**						

*Subordinate debt.

EXPECTED PRICINGS THIS WEEK

Boston Medical Center (MA) and Baptist Health (AL) are expected to price issues this week.

Selected Healthcare Financings Expected the Week of 2/6/2023					
Borrower	Par Amount ($000s)	Rating (M/S/F)	Expected Pricing Date	Tax Status	Purpose
Boston Medical Center (MA)	$229,195	Baa2/BBB/NR	2/9	Tax-Exempt	New Money and Refunding
Baptist Health (AL)	119,195	A3/BBB+/NR	2/9	Tax-Exempt	Refunding
Total	**$348,390**				

RECENT RATING ACTIONS

Selected Rating Actions for the Week of 1/30/2023		
Borrower	Rating (Outlook)	Note
Moody's		
Stormont Vail Health (KS)	A2 (Pos)	Rating affirmed
Baptist Health (AL)	A3 (Sta)	Rating affirmed

Selected Rating Actions for the Week of 1/30/2023		
Borrower	Rating (Outlook)	Note
Standard and Poor's		
Vernon Memorial (WI)	BBB- (Sta)	Upgraded
Moffit Cancer Center (FL)	A- (Sta)	Rating affirmed

Selected Rating Actions for the Week of 1/30/2023		
Borrower	Rating (Outlook)	Note
Fitch		
Mt Nittany Med (PA)	A+ (Sta)	Downgraded
Blanchard Valley Health (OH)	A+ (Sta)	Rating affirmed

Note: Expected pricings based on negotiated calendar which was released on Thursday, February 2.

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.

Prices Drop in San Francisco! (Case-Shiller Home Price Index)
"US home prices contracted for the fifth consecutive month in November. On an annualized basis, the National Home Price index is still increasing, but the pace has dropped in the single digits. The data show the growth rate of housing prices peaked at the end of the Q2 2022 and has been declining ever since. A noteworthy observation is that home prices in San Francisco posted the first annual decline of any city and also their first negative print since October 2019. The weakness was primarily concentrated on the West Coast with Seattle (+1.5%) and Portland (3.9%) posting the smallest annual price gains. With inventories remaining lean, any further price deceleration on a national basis (not regional) should be limited."

Slower Pace with a Few More Rate Hikes (FOMC)
"As expected, the Committee dialed back its pace of tightening by another 25 bp. The Fed's key interest rate is now in the range of 4.50% to 4.75%, which is its highest level in almost 16 years. There were two key changes in the statement that suggest that the Fed is growing more confident with the directional improvement in inflation. First, the Fed stated that inflation is easing, and second in determining future rate increases it mentioned that it will focus more on the duration (i.e., extent) of rate hikes rather than the frequency (i.e., pace), indicating less hikes in the pipeline. The Fed is poised to raise rates again 2023. According to their latest interest rate projections (December dot plot) they expect rates to end 2023 above 5%, but the market is less hawkish anticipating the Fed to raise rates to around 4.90% and then cut rates to 4.5% by the end of 2023. Given the significant easing in financial conditions that has transpired since late last year, the Fed will not be motivated to stop hiking rates anytime soon."

Jobless Claims Continue to Drop (Jobless Claims)
"Despite the ongoing flood of job cuts announced over the past few weeks by large companies such as Google, IBM, Hasbro, PayPal and FedEX, the labor market remains resilient. The latest report from the BLS shows that initial claims fell to their lowest level since April 2022. The strength of the labor market is not originating from large US corporations, but rather from smaller US firms that employ less than 250 workers. Indeed, in 2022 job openings at large US firms fell from 25.5% to 22.5%, while at smaller businesses job openings increased from 74.4% to 77.4%. Smaller US firms are more service oriented and seem to be bucking the weakness that the larger and more goods producing US firms are experiencing. Nevertheless, while economy wide layoffs still remain low, more and more companies are announcing layoffs with the latest report from the outplacement firm Challenger, Gray & Christmas showing a 440% surge in job cuts announced by U.S.-based employers, compared to a year ago."

Payrolls Surge as Wage Growth Declines (Nonfarm Payrolls and Unemployment)
"Nonfarm payrolls topped expectations for the 9th consecutive month, with US employment rising by 517k in January, compared with an average monthly gain of 401k in 2022. The surge in payrolls is consistent with the recent unexpected rise in job openings (JOLTS) as well as the steady drop in unemployment benefits (Initial jobless claims). The unemployment rate also topped expectations declining to 3.4% from 3.5%, even as the participation rate edged higher. This is a new low for this business cycle and the lowest unemployment rate since 1969. Average hourly earnings fell from 0.4% to 0.3% MoM in January, consistent with the declining wage growth witnessed in other labor measures."

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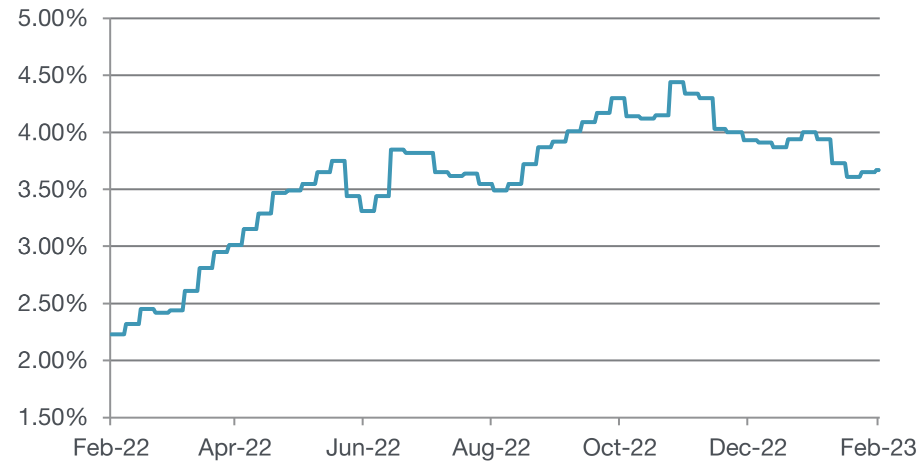
Rate Movements Last 12 Months

LONG-TERM AND SHORT-TERM RATES

Index	Current	Max	Min	Average
BBRBI	3.67%	4.44%	2.23%	3.59%
10Y Muni	2.18%	3.41%	1.43%	2.54%
10Y Treasury	3.53%	4.25%	1.72%	3.11%
SIFMA	1.87%	3.80%	0.11%	1.40%
1M LIBOR	4.57%	4.58%	0.11%	2.30%
SIFMA/LIBOR Ratio	40.9%	142.0%	27.7%	67.6%

Long-Term Rates

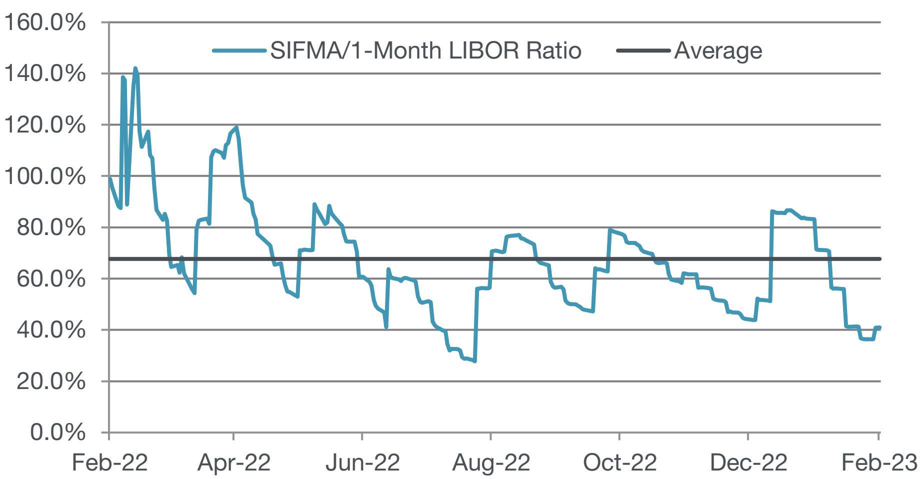
The Bond Buyer Revenue Bond Index



Source: Bond Buyer

Short-Term Rates

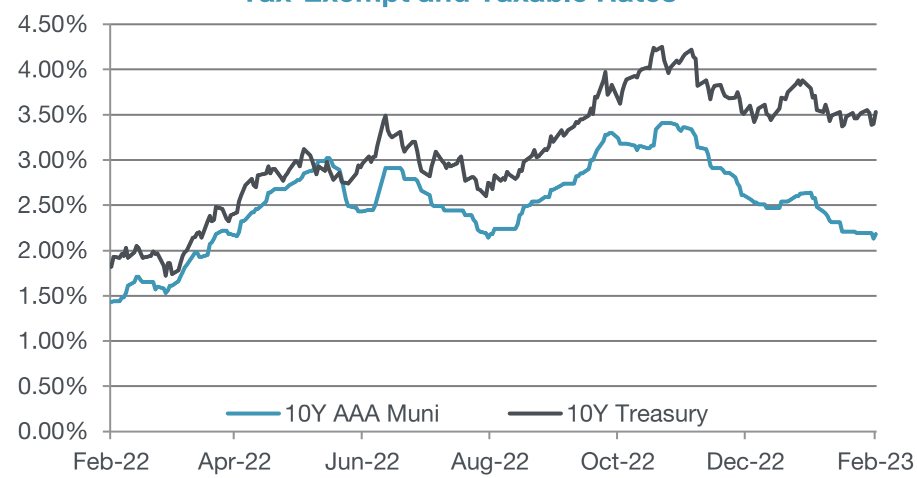
SIFMA/1-Month LIBOR Ratio



Source: SIFMA, Bloomberg

Long-Term Rates

Tax-Exempt and Taxable Rates

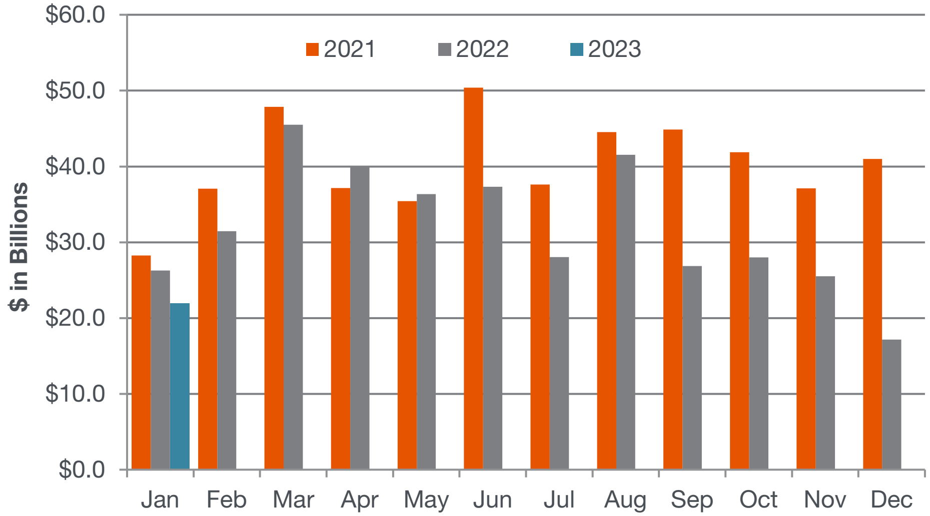


Source: Treasury.gov, Bloomberg

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



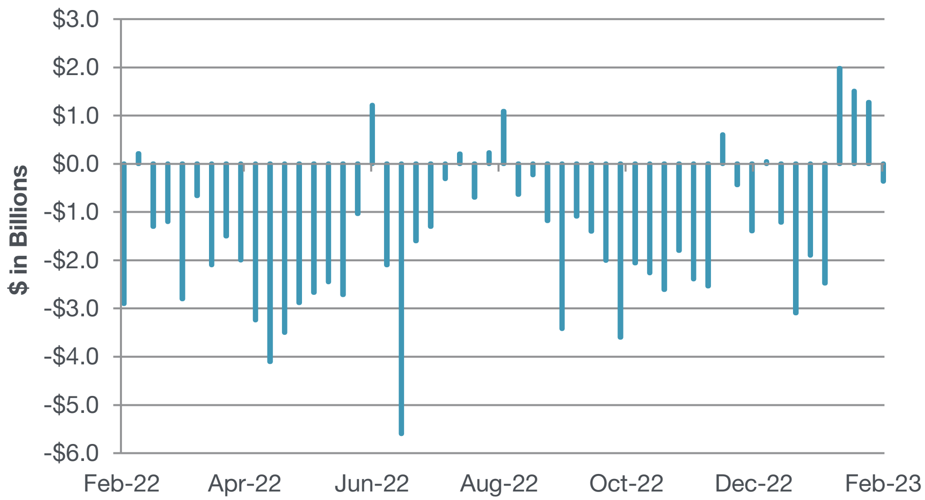
Source: Bond Buyer

Economic Outlook

Monday, February 6	Tuesday, February 7	Wednesday, February 8
	Int'l Trade in Goods	EIA Petroleum Status

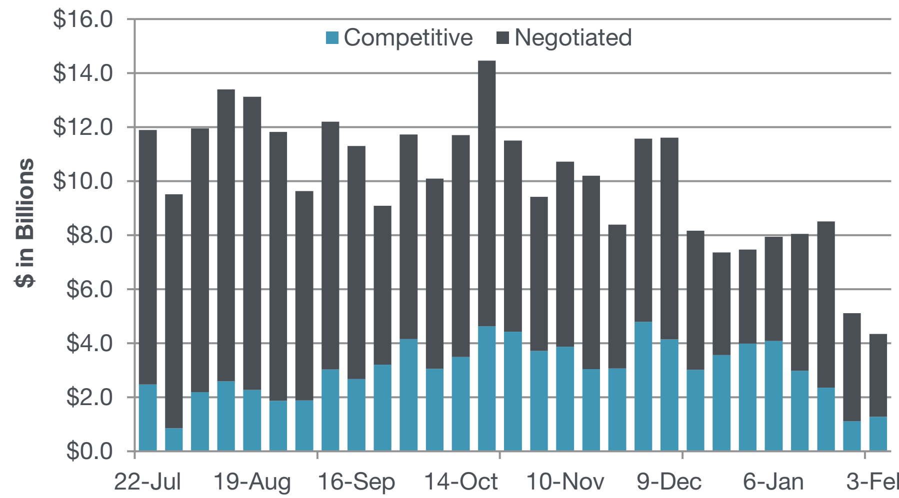
Thursday, February 9	Friday, February 10	
Jobless Claims	Consumer Sentiment	Reference Key
EIA Natural Gas Report	Treasury Statement	Market Moving Indicator
Fed Balance Sheet		Merits Extra Attention
		Source: Bloomberg.com

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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