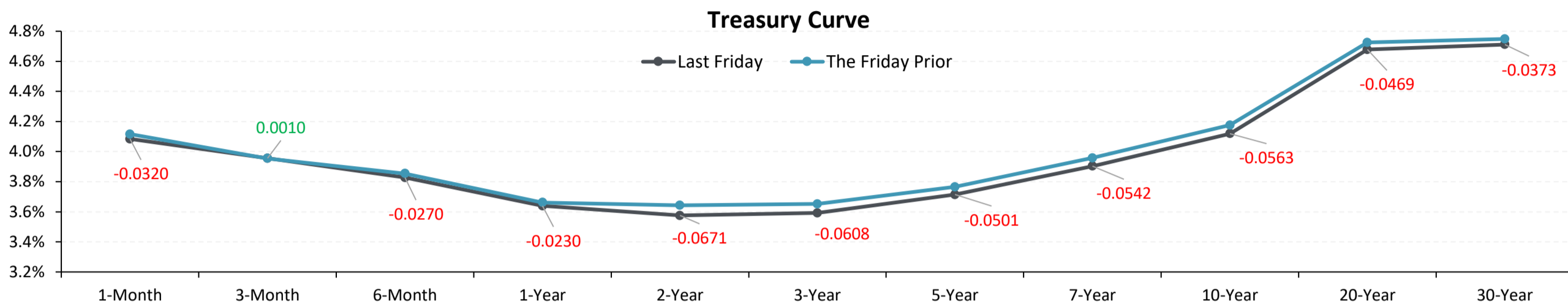


The Headline

The headline news from last week was the government shutdown. A predictable stalemate in Washington has once again brought government operations to a grinding halt, not that they were particularly fast to begin with. One of the main issues fueling this shutdown is healthcare, specifically proposed cuts to Medicaid and the extension of Affordable Care Act subsidies. As a result of the shutdown, the release of key economic data has been postponed, leaving the market without updated figures for jobless claims, unemployment, and nonfarm payrolls that were scheduled for release last week. In the absence of government data, private sector research has taken center stage. Notably, last Friday, the Institute for Supply Management (ISM) released data indicating that business activity in the services sector is contracting for the first time since the pandemic. Furthermore, ISM's findings continue to raise concerns about the outlook for the labor market. Treasuries ended the week with the yield on the 1-year down 2.3 basis points to close at 3.639%, the 10-year Treasury down 5.63 basis point to close at 4.1192%, and the 30-year decreased by 3.73 basis points to close at 4.7114%.



Municipal Performance

Figure 1: AAA Yield Curve - Current v 1 Week ago v 1 Month ago ^a

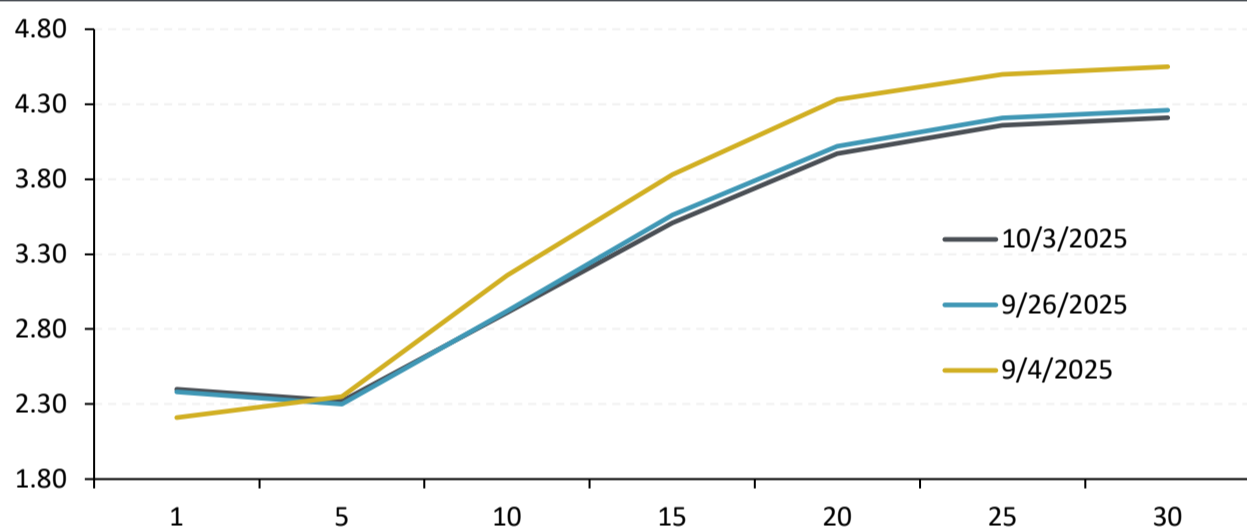
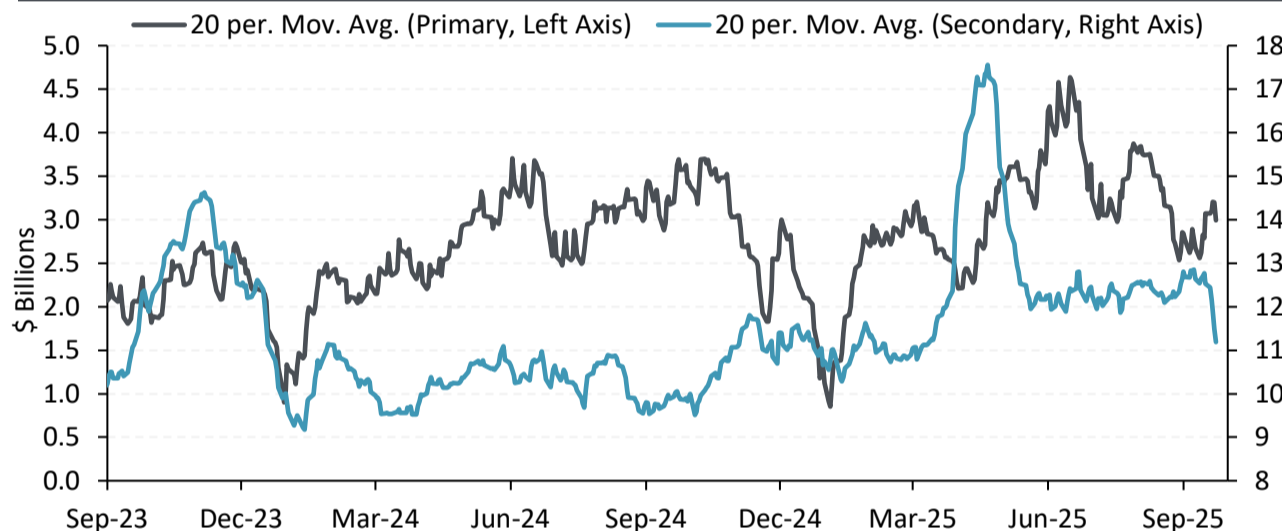


Figure 2: Primary vs. Secondary Market Trading Activity ^o



- Municipal bonds had somewhat of a better week, with bonds further out doing most of the heavy lifting. Data from the AAA benchmark curve indicated that the yield on the 1-year rose 2 bps to 2.40%, the 10-year decreased by 1 bps to 2.91%, and the 30-year fell by 5 bps to 4.21%. The curve continued to flatten as the front end persisted in giving up ground while the far end made gains. The 1/30 spread flattened by 7 bps to 1.81 bps, the far end 7/20 spread decreased by 6 bps to 142 bps, and the near end 1/7 spread fell by 1 bps, flattening to 15 bps (Figure 1).
- Secondary market activity moved up last week, with the preliminary report at about \$40.7 billion, an increase from the previous week's preliminary figure of \$38.4 billion. Despite the increase, the 20-trading day moving average indicates that activity is continuing to fall. It could be that higher prices and a few weeks of slower supply has led to this lull in activity (Figure 2).

Figure 3: AAA Muni as % of Treasuries - Two Year History ^a

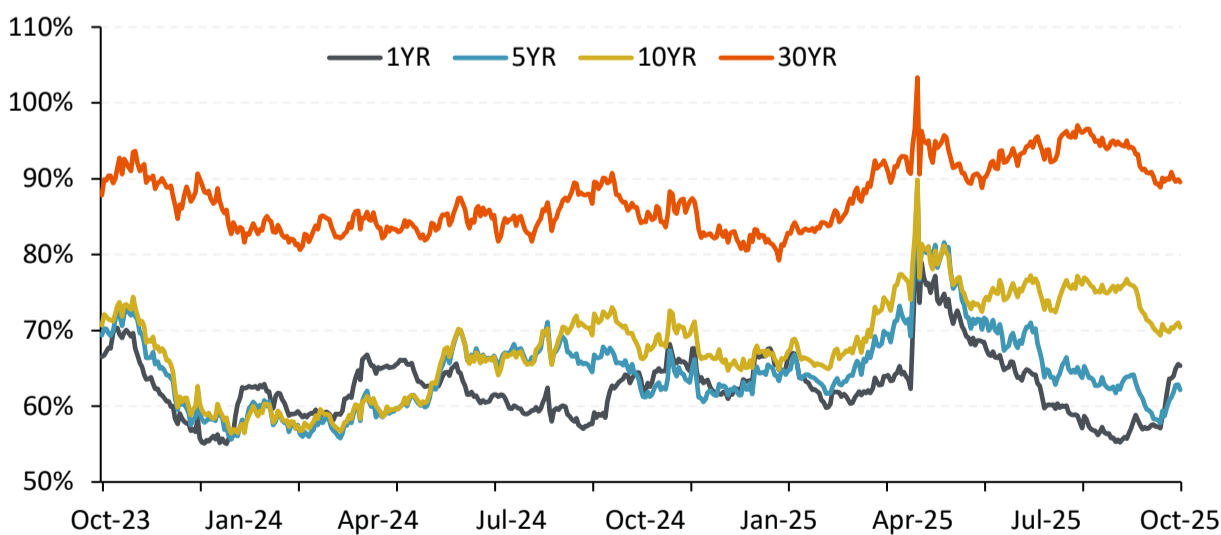
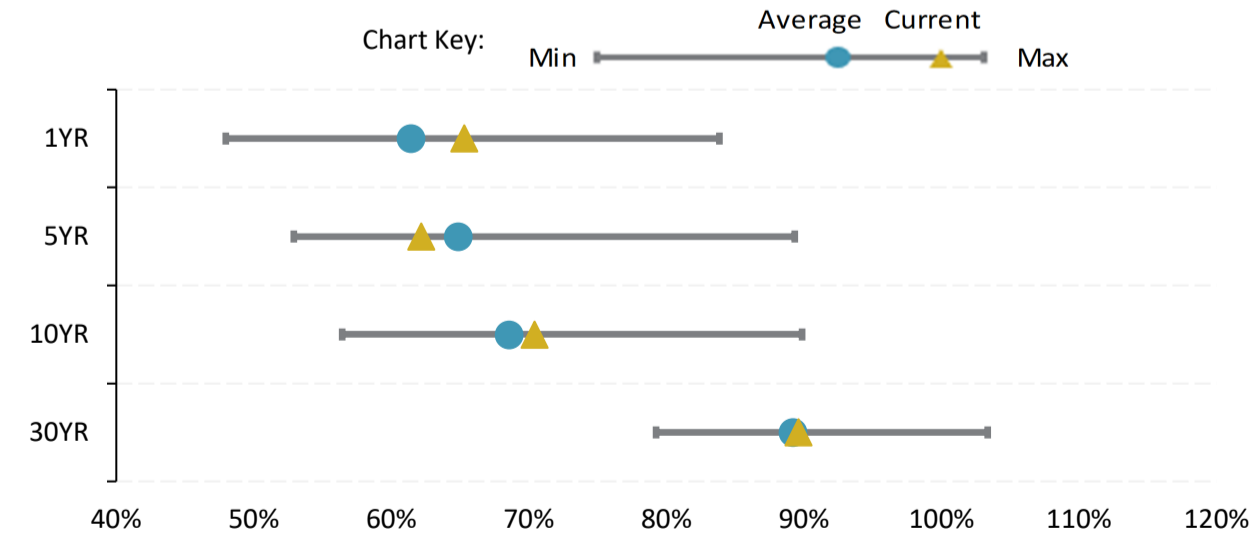


Figure 4: AAA Muni as % of Treasuries - Three Year History ^a



- Municipals lagged treasury across most of the curve, with the exception coming with the 30-year, where munis led. The 1-year M/T ratio (5% municipal coupon) rose by 1.7 percentage points (ppt) to 65.31%, the 5-year increased by 1.4 ppt to 62.17%, the 10-year rose 0.667 ppt to 70.41%, and the 30-year ratio fell by 0.34 ppt to 89.59%. Relative to their respective averages from the last three years, the 1-year ratio is now demonstrating the most value, nearing a standard deviation above its average marker. Value seems to exist in the 10- and 30-year as well, while the 5-year ratio is still relatively rich compared to its historicals (Figure 4).

Source: ICE (a), MSRB (o)

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Municipal Market Flows & Supply

Figure 5: 30-Day Visible Supply ^e

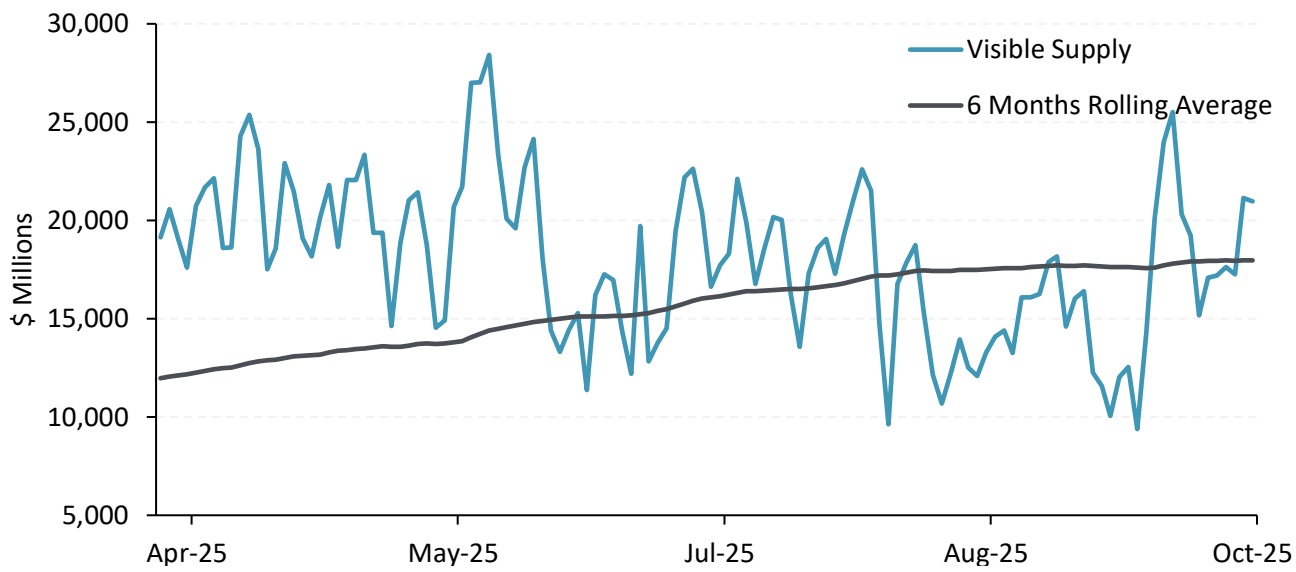
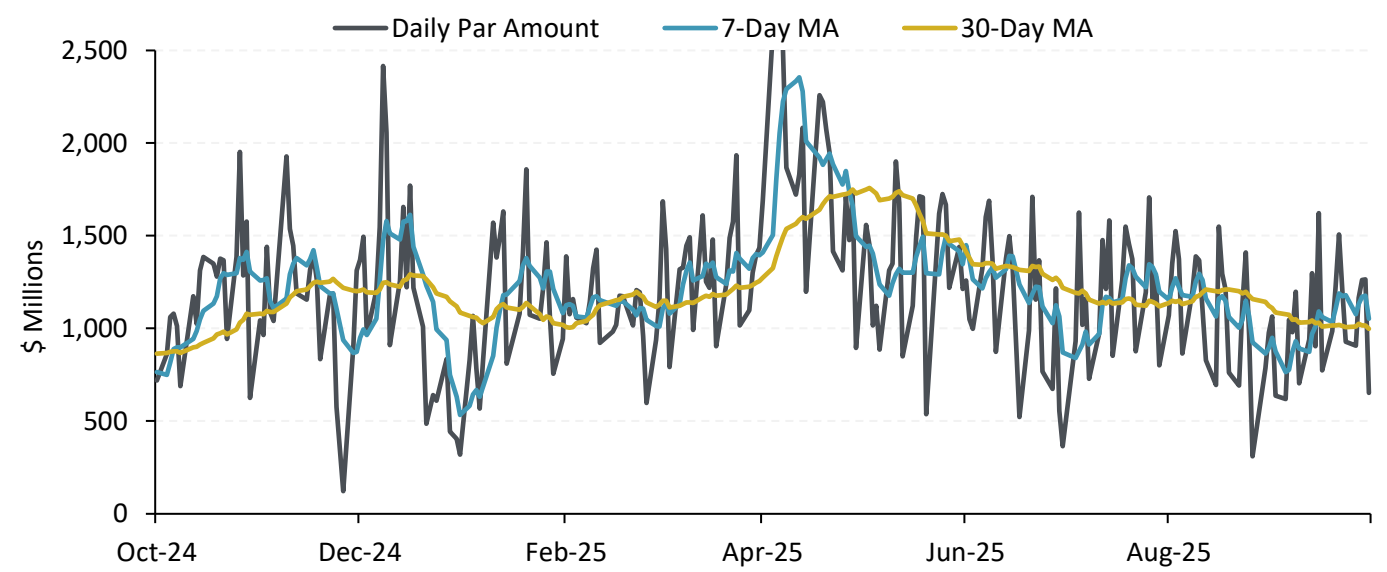


Figure 6: Bids Wanted Par Amount - One Year History ^e



- The 30-day visible supply rose, now at nearly \$21 billion, a jump from from the previous week's \$17 billion (Figure 5).
- Bids wanted moved down about \$275 million from the week prior. Last week, unlike the several weeks prior, the 7-day and 30-day moving average of bids wanted also fell (Figure 6). The lower figure, along with both weekly and monthly trends, moved in lockstep with the lower level of market activity seen in Figure 2 on the first page of this report.

Figure 7: Weekly Municipal Mutual Fund Net Investment Flows ⁱ

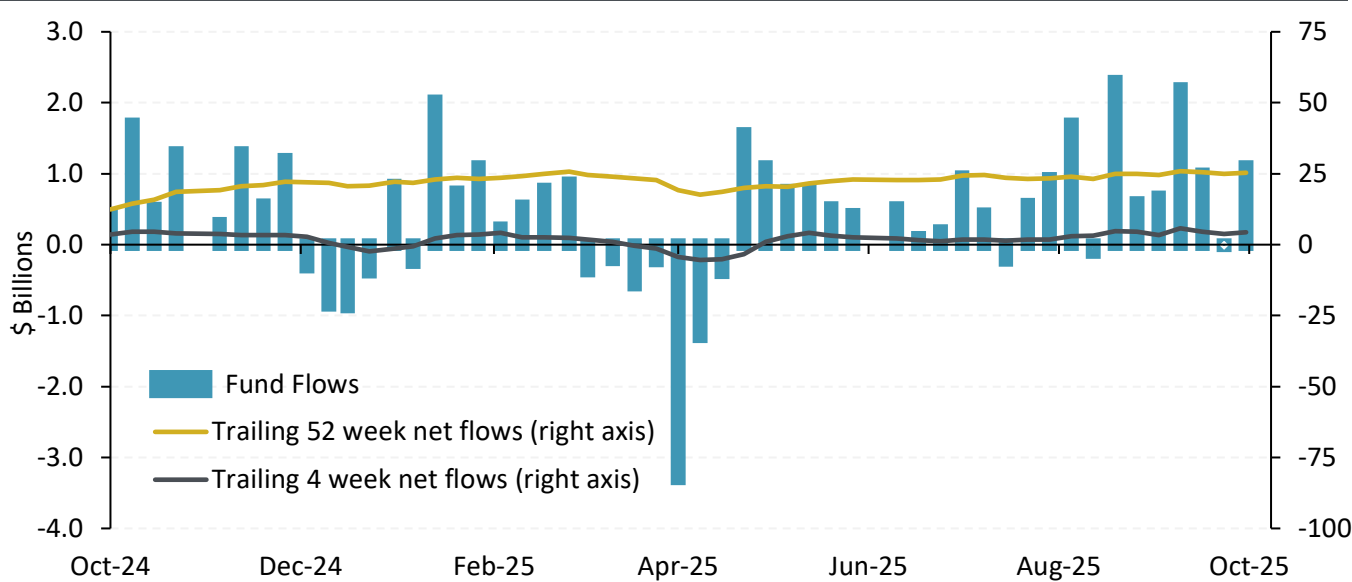
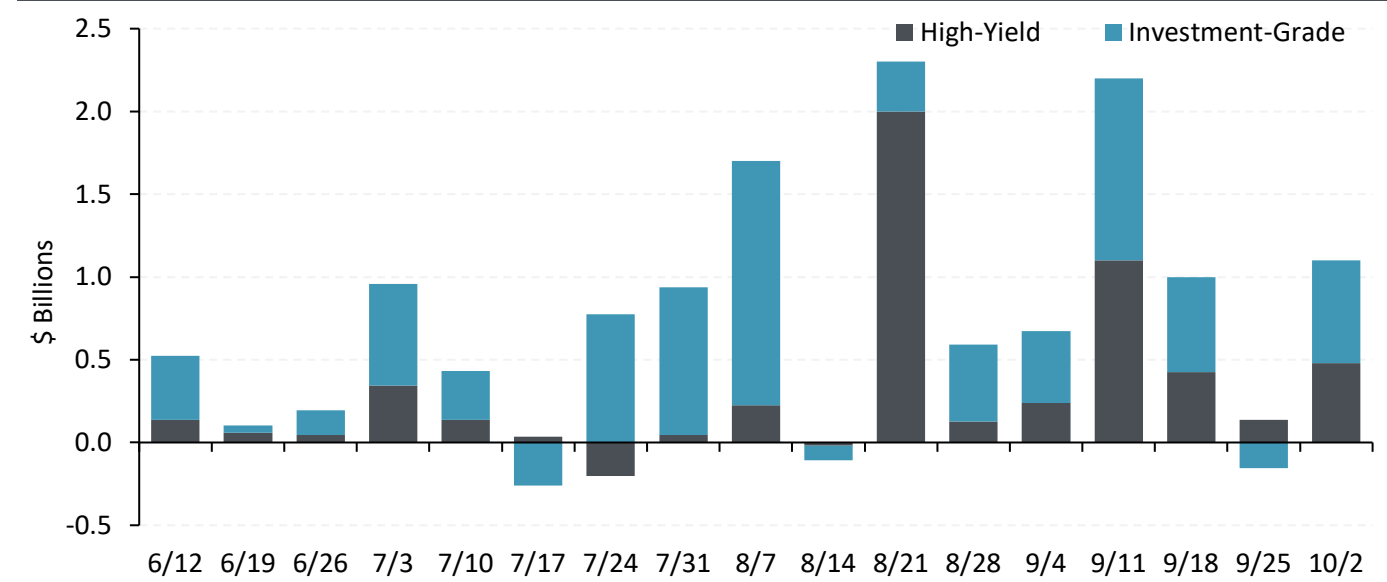


Figure 8: Weekly Municipal Fund Flows - HY vs IG ⁱ



- Despite a slight loss the previous week, municipal mutual funds experienced an inflow of approximately \$1.1 billion last week, according to LSEG Lipper (Figure 7).
- Last week, both high-yield and investment-grade funds experienced positive performance. Investment-grade funds attracted around \$622 million in inflows, whereas high-yield funds increased by \$478 million (Figure 8).
- Flows were primarily focused on medium and longer-term funds, while short-term funds significantly lagged. Specifically, long-term funds recorded inflows of approximately \$591 million, intermediate-term funds accumulated \$438 million, and short-term funds experienced positive flows of around \$71 million (Figure 9).

Figure 9: Weekly Municipal Fund Flows - Long vs Intermediate vs Short ⁱ

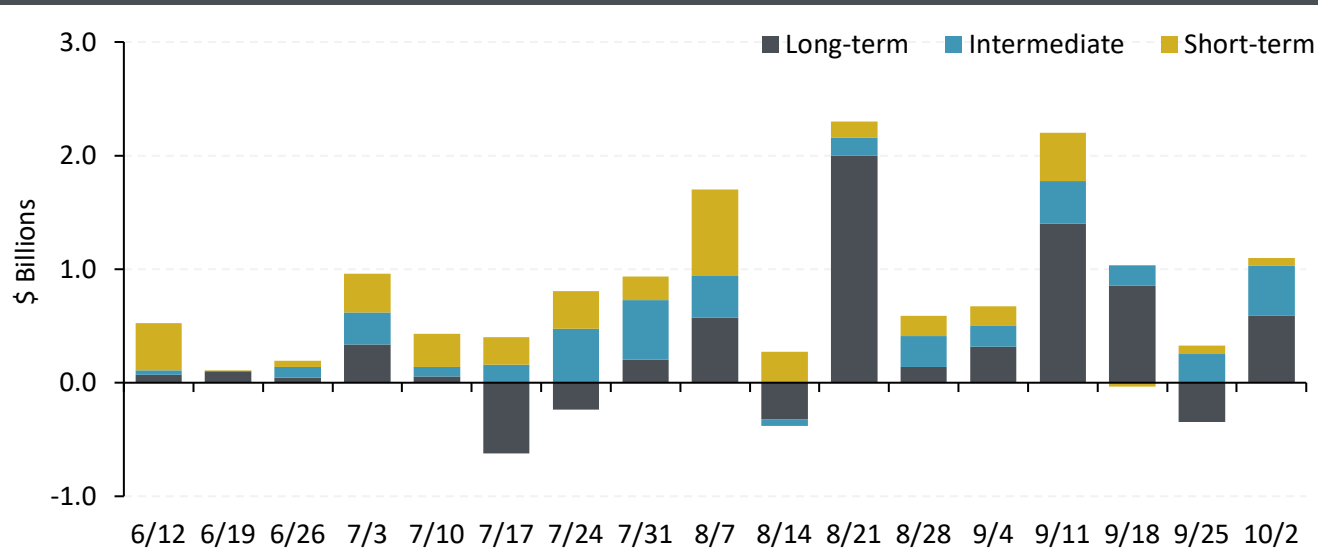
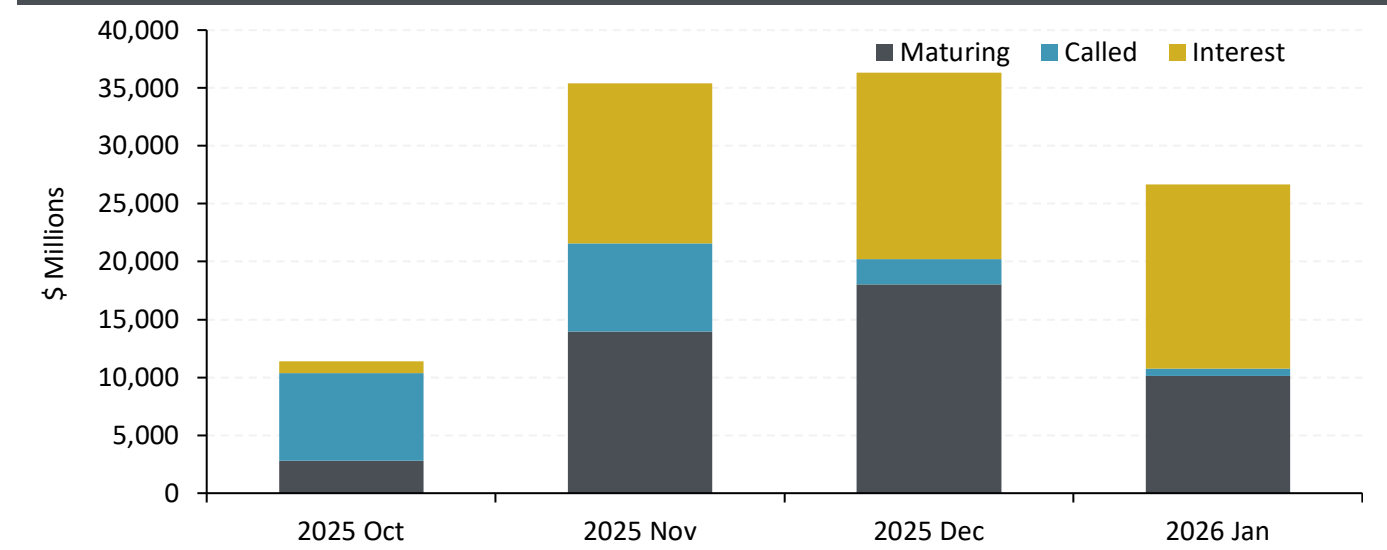


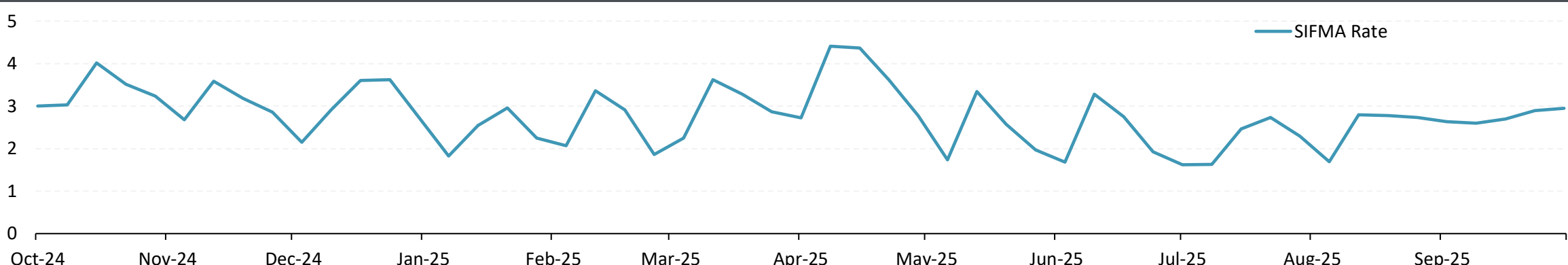
Figure 10: Monthly Bond Maturities and Redemptions ^e



- In October, investors are expected to receive approximately \$11.4 billion from maturing securities, calls, and interest payments. To start the month, October has already seen roughly \$26 billion returned to investors, which is performing well to keep pace with September and aligns with the months to follow. Looking ahead to the remainder of fall and the beginning of winter, demand driven by these capital returns should remain relatively stable, with projected levels of around \$35 billion in November and \$36 billion in December. Both figures represent a level roughly the same as the current month (Figure 10).

- The municipal money market rose again last week; the SIFMA seven day index quoted up another 6 bps at 2.95% at the October 1st quote (Figure 11).

Figure 11: SIFMA Municipal Swap Index Yield ^e



Municipal Market Monitor

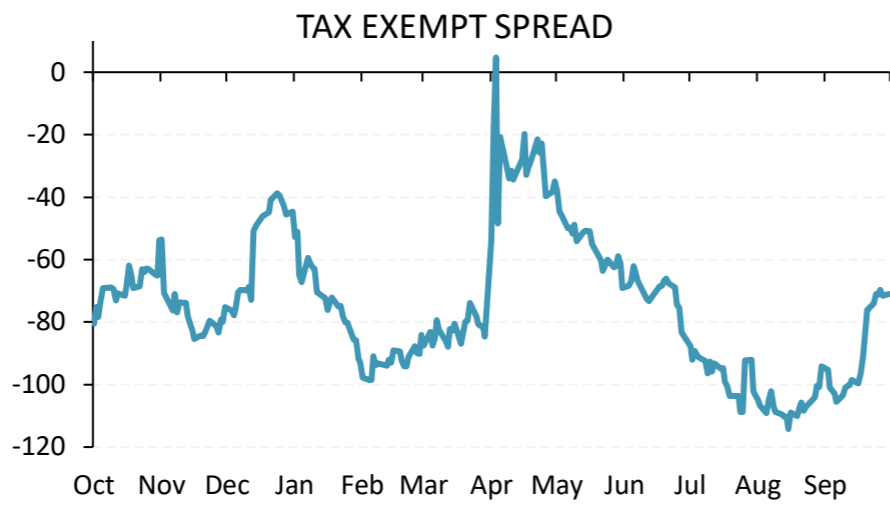
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Data through market close 10/03/2025

Relative Value Analysis

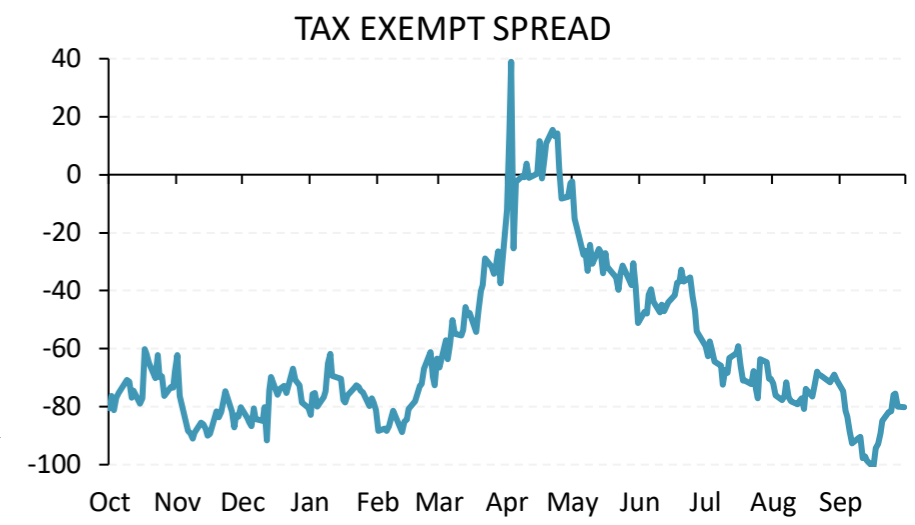
1-Year Spreads (bp)

BVAL AAA Muni Indicies	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	11.9	-71.0
1 yr average	14.5	-74.8
1yr max	26.2	4.7
1yr min	4.7	-114.2
Z score	-0.6	0.2



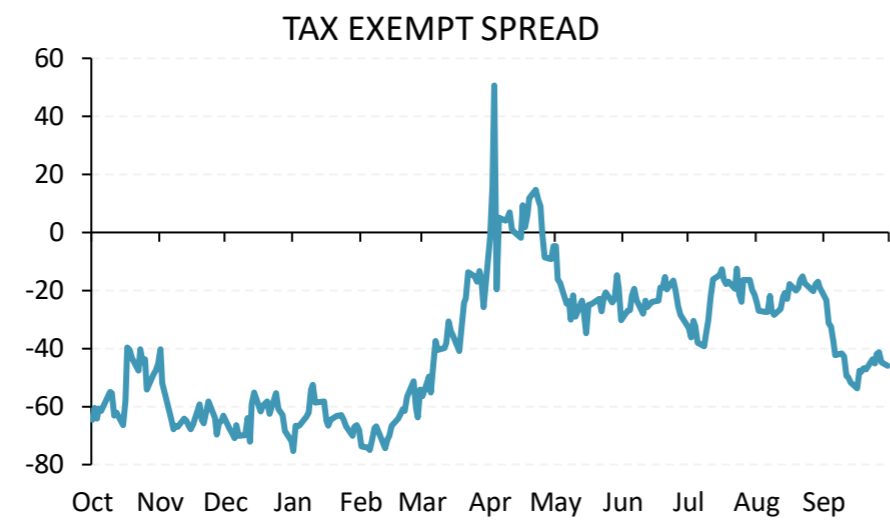
5-Year Spreads (bp)

BVAL AAA Muni Indicies	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	19.8	-80.3
1 yr average	27.4	-60.8
1yr max	45.6	38.9
1yr min	14.0	-100.9
Z score	-1.3	-0.7



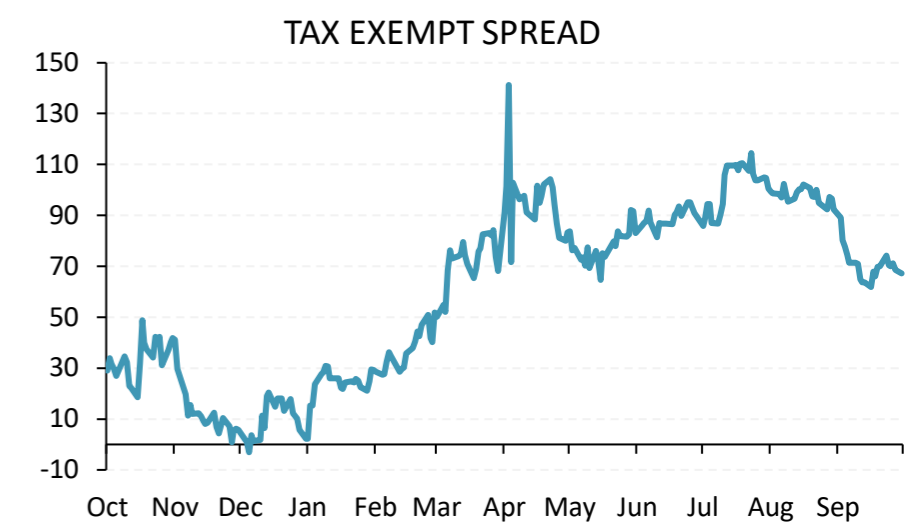
10-Year Spreads (bp)

BVAL AAA Muni Indicies	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	30.7	-46.0
1 yr average	37.8	-39.1
1yr max	55.2	50.6
1yr min	25.5	-75.3
Z score	-1.1	-0.3



30-Year Spreads (bp)

BVAL AAA Muni Indicies	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	89.0	67.1
1 yr average	80.1	60.6
1yr max	97.9	141.3
1yr min	62.7	-3.1
Z score	1.1	0.2



- o MMD data in Figures 3 and 4 on the first page of this report suggest that there is more value further out on the curve, while value is growing in the very front end as well. For the relative value analysis in this section, we use Bloomberg's benchmark muni index to verify this fact using a different dataset. The z-score analysis above indicates where there may be value in the market by comparing the current spread of a benchmark bond to its trailing year of historical performance. A more positive z-score indicates that a bond is trading cheap, while a more negative score indicates it is trading rich.
- o Data from this curve continues to support the conclusion reached from the MMD data and indicates that longer duration bonds continue to provide better value opportunities. Specifically, it shows that value is currently the best for the 30-year taxable, which is trading 1.1 standard deviation above its annual average. Additionally, on a tax-exempt basis, the 1-year is displaying some value, although the 30-year continues to lead. For a more comprehensive relative value analysis, keep an eye out for our weekly cross-sector analysis report sent out every Monday.

Municipal Fixed Rate Issuance Calendar ^e

Notable Deals of the Week

Sale Date	Issuer	Type	State	Amount (MM)
10/6/2025	TX TRANSPRTN FIN CORP	Rev	TX	1,683
10/8/2025	MD DEPT OF TRANSPRTN	Rev	MD	843
10/6/2025	KENTUCKY PUB ENGY AUTH-B	Rev	KY	834
10/6/2025	NORTH TX TOLLWAY AUTH	Rev	TX	627
10/6/2025	SULLIVAN CO RESORT FACS	Rev	NY	561

- o This week's municipal issuance calendar will total approximately \$10 billion in new bonds. Among these, 20 transactions will exceed \$100 million, accounting for about 69% of the total volume. Taxable issuances are estimated to be around \$275 million, representing approximately 2.75% of the overall issuance. The largest deal of the week is \$1.68 billion in bonds from the Texas Transportation Finance Corporation, which was pushed over from last week. Also notable are issuances of \$843 million and \$834 million from the Maryland Department of Transportation and the Kentucky Public Energy Authority, respectively. Additionally, Piper Sandler will serve as the sole manager for about \$277 million of negotiated issuance this week.

- o Similar to last week, this week's economic news is likely to be disrupted by the government shutdown. However, operating under the assumption that everything is released on time, we will see: updated Trade Balance and Consumer Credit levels reported tomorrow; Mortgage Applications and the release of the FOMC Meeting Minutes on Wednesday; Initial Jobless Claims and Wholesale Inventories on Thursday; and the University of Michigan Consumer Sentiment Survey for October on Friday.

Piper Sandler Municipal Calendar (Week of September 29th, 2025)^u

Negotiated

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity	Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
10/7/2025		Atascadero Fin Auth Lse Rev 25A	REV	CA	28,410	2026-55	10/8/2025		Minnesota HFA State Appro Hsg Infra 2025A	REV	MN	7,475	2026-31
10/7/2025		California Muni Fin Auth COP (Mammoth Hosp) 25	COP	CA	48,735	2028-55	10/8/2025		Minnesota HFA State Appro Hsg Infra 2025B	REV	MN	42,525	2031-47
10/7/2025		Larimer Cnty TE COP 25A	COP	CO	80,005	2030-39	10/8/2025		TV PID LT CAB 25	GO	UT	22,517	2026-56
10/7/2025	TAX	Larimer Cnty Txbl COP 25B	COP	CO	29,995	2026-30	10/9/2025		Pima Cnty COP 25	COP	AZ	36,455	
10/7/2025		Texas Trans Fin Corp SH 288 Sys Sub Tier Toll Rev Rfdg 25A	REV	TX	1,723,249		10/9/2025		Riverside USD CFD No 41 (Highgrove Village) Imp Area No 1 Spcl Tax 25	REV	CA	8,405	2027-55
10/7/2025	TAX	Texas Trans Fin Corp SH 288 Sys Sub Tier Toll Rev Rfdg Txbl 25B	REV	TX	79,380		10/9/2025		Albany Cap Resource Corp (Albany Med Ctr Hosp) TE Rev 25A	REV	NY	377,000	2031-55
10/8/2025		California Muni Fin Auth BOLD Spec Tax Rev 25C	REV	CA	4,710		10/9/2025	TAX	Albany Cap Resource Corp (Albany Med Ctr Hosp) Txbl 25B	REV	NY	25,000	2031-34
10/8/2025		Rancho Santa Fe SD GO Ref 25	GO	CA	19,395	2026-32	10/9/2025		Broadview Heights Street Imp (GO Ltd Tax) BAN 25	GO	OH	2,000	
10/8/2025		Riverside USD CFD No 38 Spcl Tax 25	REV	CA	23,550	2027-55	10/9/2025	BQ	Western Wayne SD GO 25	GO	PA	3,830	2026-32
10/8/2025	BQ	Hunting Hill MD LTGO Ref 25	GO	CO	6,160	2025-48							

Source: Lipper (i), MSRB (o), Piper Sandler (u), Bloomberg (e), The Bond Buyer (c)

Municipal Market Monitor

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A weekly look at trends in the municipal bond market
Data through market close 10/03/2025

Piper Sandler Municipal Calendar (Week of September 29th, 2025)^u

Competitive

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity	Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
10/7/2025		Pima Cnty Swr Revs 2025	REV	AZ	46,225	2027-36	10/7/2025		Westport Twn ULTGO 2025	GO	CT	12,000	2026-45
10/7/2025		Olathe Wtr Swr Revs 2025	REV	KS	37,460	2026-45	10/7/2025	TAX	Golden Valley ULTGO Txbi 2025A	GO	MN	2,580	2027-46
10/7/2025		Spring Lake Park ISD 16 ULTGO 2025A	GO	MN	39,940	2027-35	10/7/2025	TAX	Portland LTGO Txbi 2025A	GO	OR	40,325	2026-34
10/7/2025		Bel Aire ULTGO 2025B	GO	KS	10,565		10/7/2025		Portland LTGO 2025B	GO	OR	35,970	2034-40
10/7/2025		Barnstable Fire Dt LTGO 2025	GO	MA	18,035	2026-55	10/7/2025		Portland LTGO 2025C	GO	OR	18,690	2026-45
10/7/2025		Fuquay-Varina Twn ULTGO 2025	GO	NC	10,000	2026-45	10/8/2025	BQ	Carroll Cnty Revs 2025	REV	TN	9,995	2026-45
10/7/2025		Wauwatosa ULTGO 2025A	GO	WI	26,635	2026-45	10/8/2025		Des Moines ULTGO 2025A	GO	IA	69,980	
10/7/2025	BQ	Mechanicsburg ASD ULTGO 2025	GO	PA	9,355	2026-35	10/8/2025	TAX	Des Moines ULTGO Txbi 2025B	GO	IA	6,035	
10/7/2025	TAX	Milwaukee Cnty ULTGO Txbi 2025B	GO	WI	45,700	2026-34	10/8/2025		Fort Wayne Revs 2025	REV	IN	18,000	
10/7/2025	TAX	Milwaukee Cnty ULTGO Txbi 2025C	GO	WI	14,795	2026-35	10/8/2025		Southampton Twn LTGO 2025	GO	NY	12,065	2026-39

Municipal Credit Actions

Credit actions within the last week

Credit Upgrade^a

AlertDate	CUSIP6	Issuer	EventDesc
2025-09-29	67884X	OKLAHOMA DEV FIN AUTH HEALTH SYS REV (OK)	S&P rating upgrade from BB to BB+ RTG
2025-09-29	679468	OLATHE KANS WTR & SWR SYS REV (KS)	S&P rating upgrade from AA to AA+ RTG
2025-09-30	09320C	BLAKETREE TEX MUN UTIL DIST NO 1 (TX)	Moodys rating upgrade from BAA3 to BAA2 ISSUER RTG
2025-09-30	09320C	BLAKETREE TEX MUN UTIL DIST NO 1 (TX)	Moodys rating upgrade from BAA3 to BAA2 RTG
2025-09-30	721296	PIKE PL MKT PRESERVATION & DEV AUTH WASH SPL OBLIG REV (WA)	S&P rating upgrade from A- to A+ RTG
2025-10-01	160853	CHARLOTTE-MECKLENBERG HOSP AUTH N C HEALTH CARE SYS REV (NC)	Moodys rating upgrade from AA3 to AA2 RTG
2025-10-01	45200F	ILLINOIS FIN AUTH REV (IL)	Moodys rating upgrade from AA3 to AA2 RTG
2025-10-01	45203H	ILLINOIS FIN AUTH REV (IL)	Moodys rating upgrade from AA3 to AA2 RTG
2025-10-01	45204E	ILLINOIS FIN AUTH REV (IL)	Moodys rating upgrade from AA3 to AA2 RTG
2025-10-01	45204F	ILLINOIS FIN AUTH REV (IL)	Moodys rating upgrade from AA3 to AA2 RTG
2025-10-01	61370Y	MONTGOMERY CNTY TEX MUN UTIL DIST NO 112 (TX)	Moodys rating upgrade
2025-10-01	61370Y	MONTGOMERY CNTY TEX MUN UTIL DIST NO 112 (TX)	Moodys rating upgrade from A2 to A3 ISSR RTG
2025-10-01	65821D	NORTH CAROLINA MED CARE COMMN HEALTH CARE FACS REV (NC)	Moodys rating upgrade from A1 to AA3 RTG
2025-10-01	97712D	WISCONSIN ST HEALTH & EDL FACS AUTH REV (WI)	Moodys rating upgrade from AA3 to AA2 RTG

Credit Downgrade^a

AlertDate	CUSIP6	Issuer	EventDesc
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Default^a

AlertDate	CUSIP6	Issuer	EventDesc
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Source: ICE (a), Piper Sandler (u)

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The information within the report has been compiled based upon data from the related institution, ICE, Bloomberg, and other sources deemed to be reliable but not guaranteed. Assumptions, modeling methods, and other variables can result in calculations which may vary from others' methods. These reports are not accounting reports and are not a substitute for such.

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