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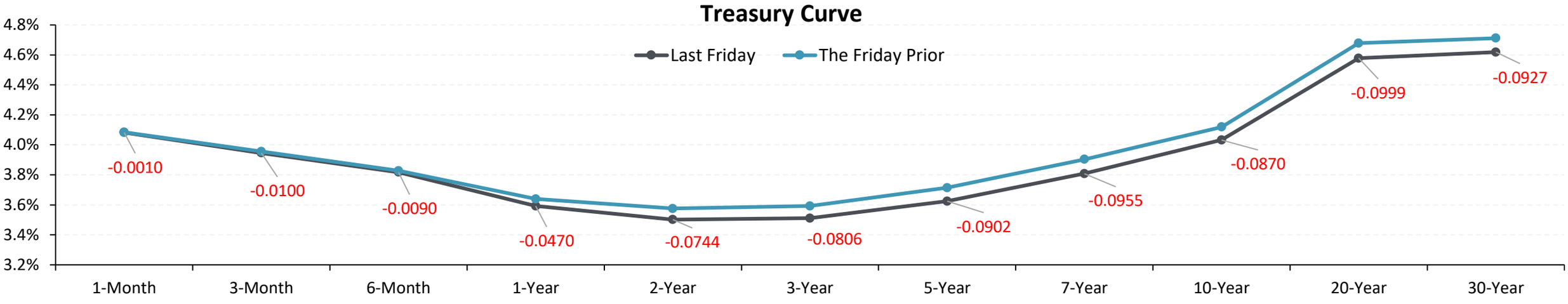
Municipal Market Monitor

Fixed Income | Municipal Fixed Income Research

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

The Headline

The government shutdown has now extended into another week, with no clear resolution in sight as both parties remain steadfast in their positions. This ongoing stalemate in Washington has left many wondering when operations will resume, as critical negotiations appear stalled. Compounding the uncertainty, the end of the week saw a significant market jolt following President Trump's threat of yet another tariff increase on China, adding to the already volatile economic landscape. The prolonged shutdown has not only delayed the release of essential economic data but has also heightened concerns about the implications for the labor market and overall economic stability. With another FOMC meeting at the end of the month, the expectation is currently that the Fed will cut again, although without key data points, the market's certainty isn't all it could be. Treasuries ended the week with the yield on the 1-year down 4.7 basis points to close at 3.592%, the 10-year Treasury down 8.7 basis points to close at 4.0322%, and the 30-year decreased by 9.27 basis points to close at 4.6187%.



Municipal Performance

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

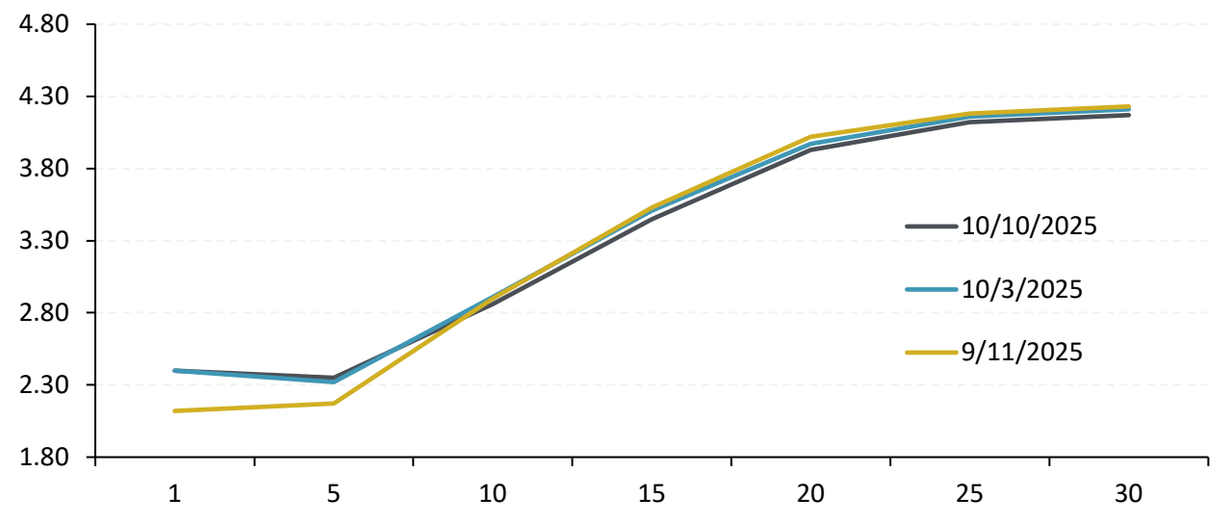
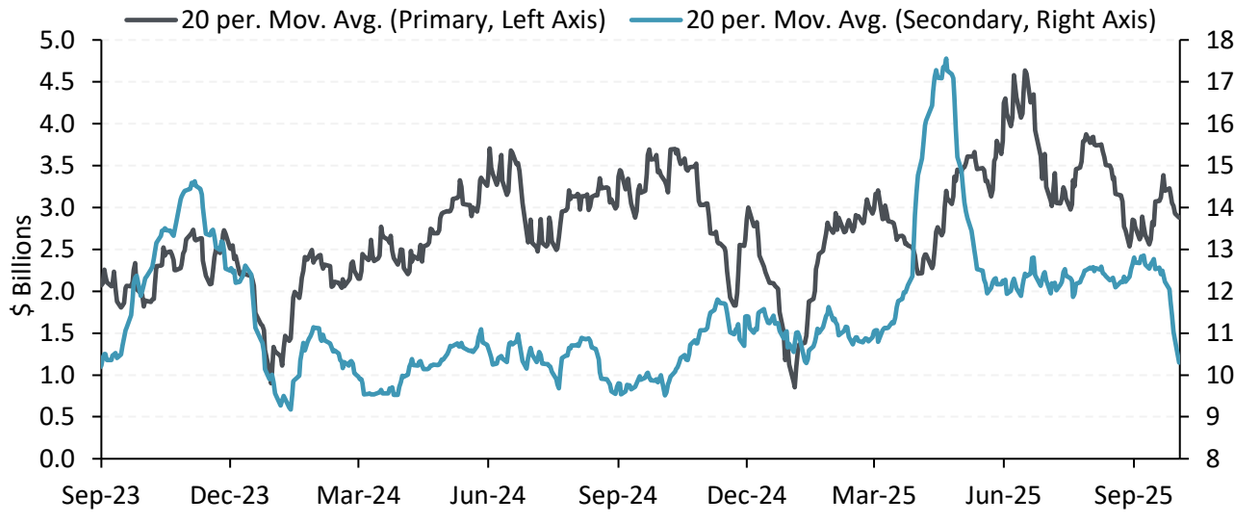


Figure 2: Primary vs. Secondary Market Trading Activity [o]



- Municipal bonds continued to display neutral to positive performance, with strength coming primarily from bonds further out on the curve. Data from the AAA benchmark curve indicated that the yield on the 1-year held at 2.40%, the 10-year decreased by 5 bps to 2.86%, and the 30-year fell by 4 bps to 4.17%. Despite a continued flattening of the curve, the movement was not uniform, as the far end was responsible for all of last week's shift. The 1/30 spread flattened by 4 bps to 177 bps, the far end 7/20 spread decreased by 4 bps to 138 bps, and the near end 1/7 spread held steady at 15 bps (Figure 1).
- Secondary market activity fell last week, with the preliminary report at about $39.9 billion, a decrease from the previous week's preliminary figure of $40.7 billion. The 20-trading day moving average for both primary and secondary activity continues to fall, on a downward trend since nearly the beginning of September (Figure 2).

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

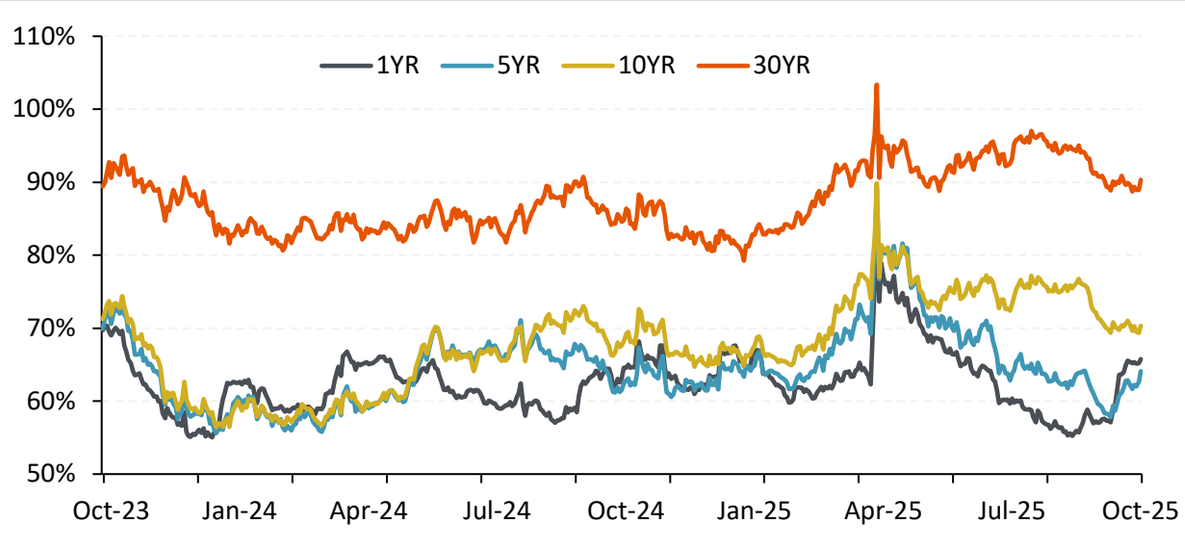
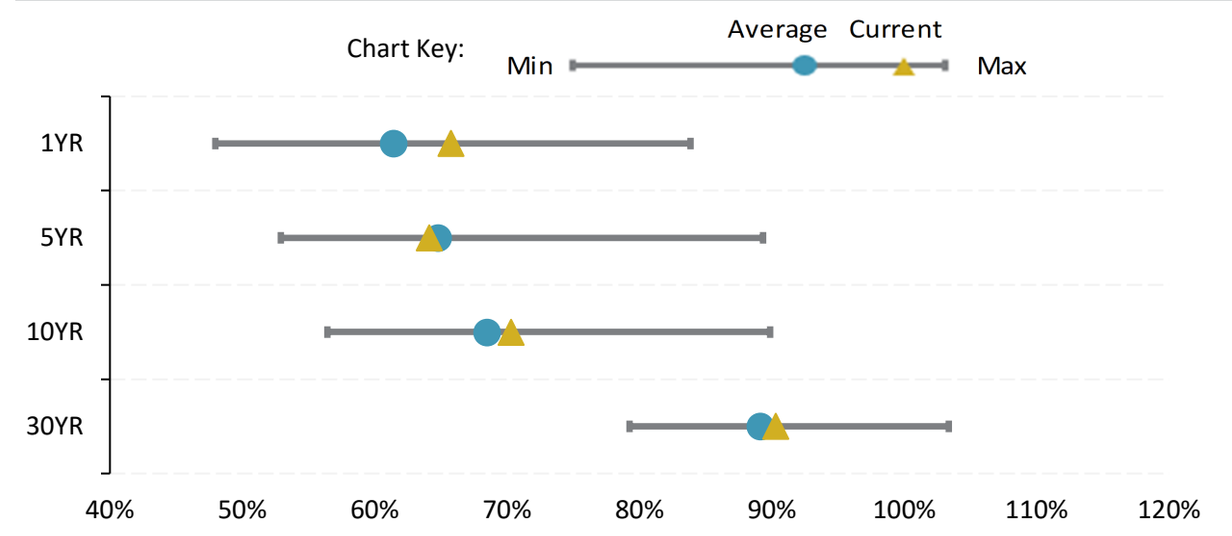


Figure 4: AAA Muni as % of Treasuries - Three Year History [a]



- Municipals again lagged treasuries across most of the curve, with only the 10-year range holding its own against its treasury counterpart. The 1-year M/T ratio (5% municipal coupon) rose by 0.45 percentage points (ppt) to 65.75%, the 5-year increased by 1.95 ppt to 64.12%, the 10-year fell 0.10 ppt to 70.30%, and the 30-year ratio rose by 0.71 ppt to 90.30%. Relative to their respective averages from the last three years, each of the 1-, 10-, and 30-year maturities has some value, while the 5-year is at a level slightly richer than its average (Figure 4).

Source: ICE (a), MSRB (o)

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Municipal Market Flows & Supply

Figure 5: 30-Day Visible Supply [c]

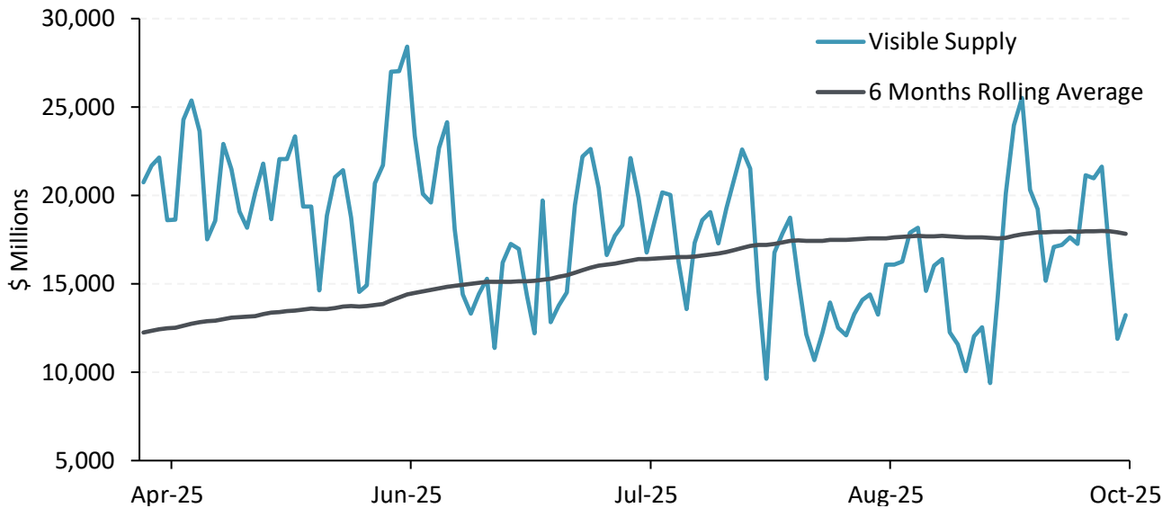
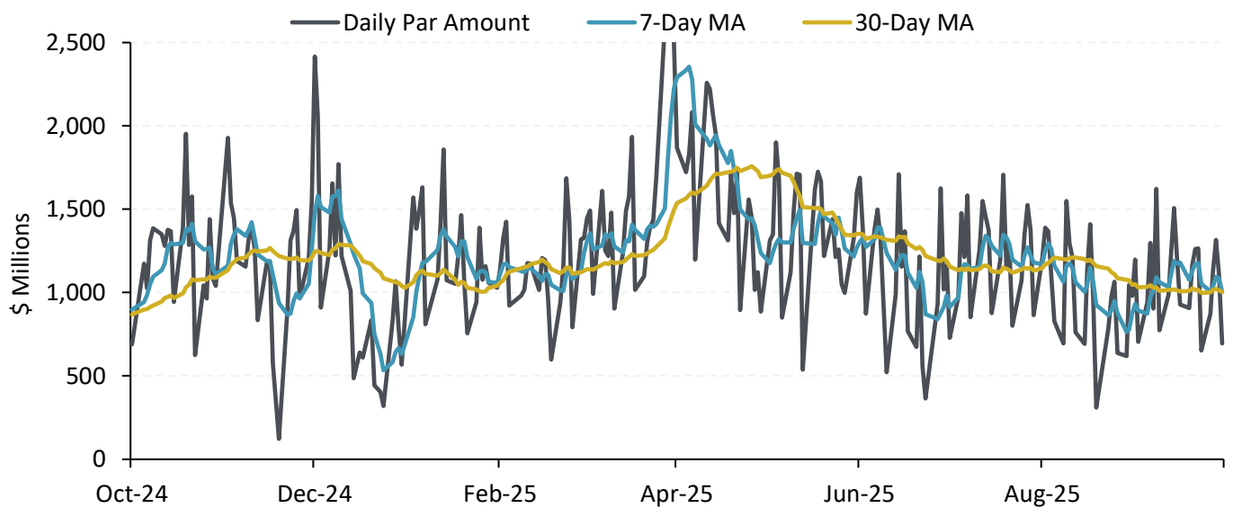


Figure 6: Bids Wanted Par Amount - One Year History [e]



- The 30-day visible supply has fallen notably, now at nearly $13.2 billion, a significant decrease from the previous week's $21 billion (Figure 5).
- Bids wanted moved up about $44 million from the level one week prior. The 30-trading day average also rose around $5 million; however, the 7-day average fell almost $49 million. The disagreement among shorter and longer-term trends makes it harder to anticipate activity, but moving out of the holiday week will likely come with comparatively elevated levels.

Figure 7: Weekly Municipal Mutual Fund Net Investment Flows [i]

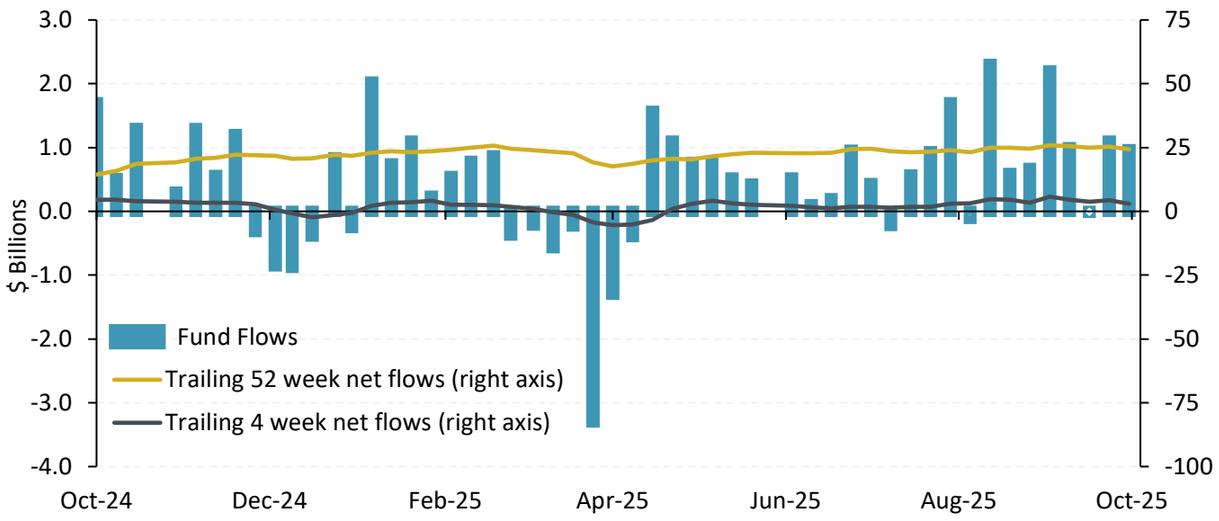
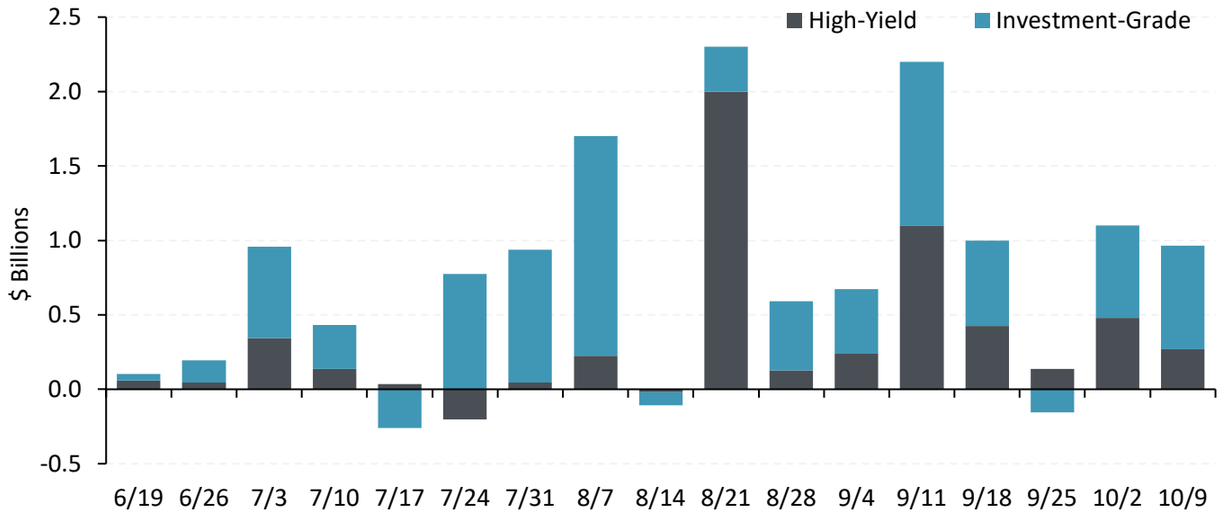


Figure 8: Weekly Municipal Fund Flows - HY vs IG [i]



- Municipal mutual funds saw an inflow of around $966 million last week, building on a substantial gain from the previous week, as reported by LSEG Lipper (Figure 7).
- Both high-yield and investment-grade funds continued to experience positive inflows. Investment-grade funds attracted approximately $697 million in inflows, while high-yield funds increased by $269 million (Figure 8).
- Flows remained concentrated in medium and longer-term funds, while short-term funds saw minimal movement. Specifically, long-term funds recorded inflows of approximately $536 million, intermediate-term funds accumulated $421 million, and short-term funds experienced positive flows of a mere $9 million (Figure 9).

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

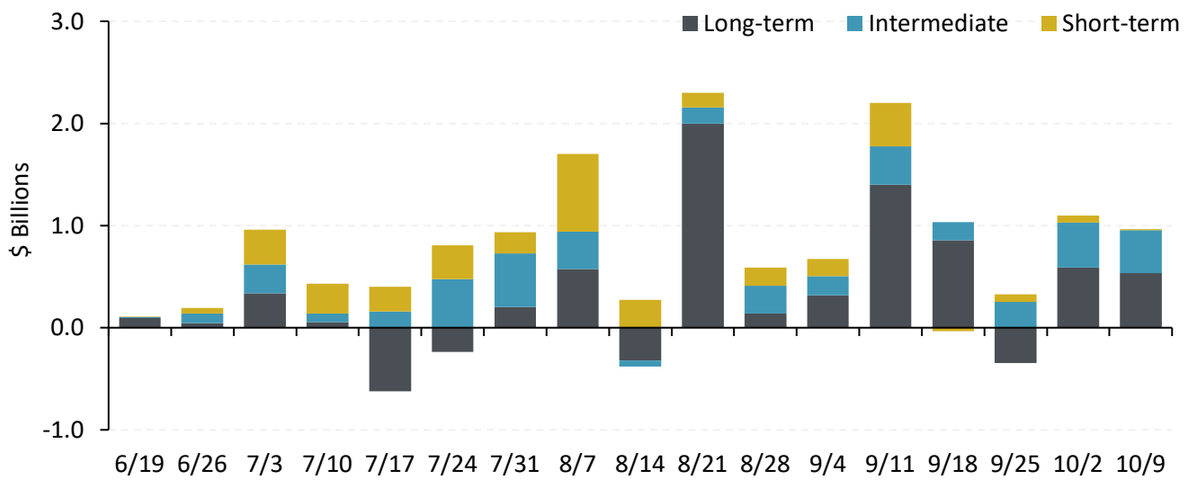
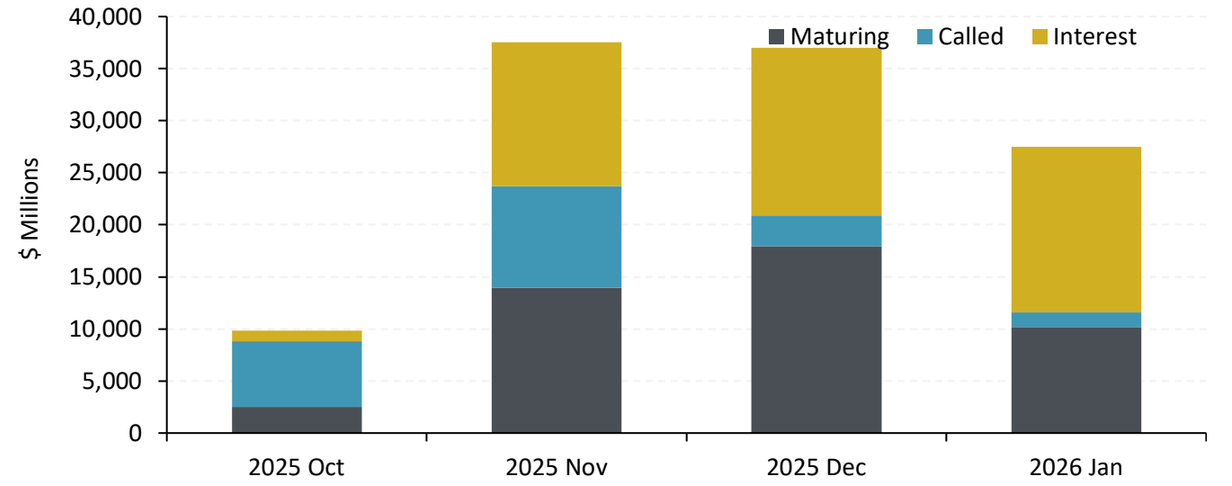
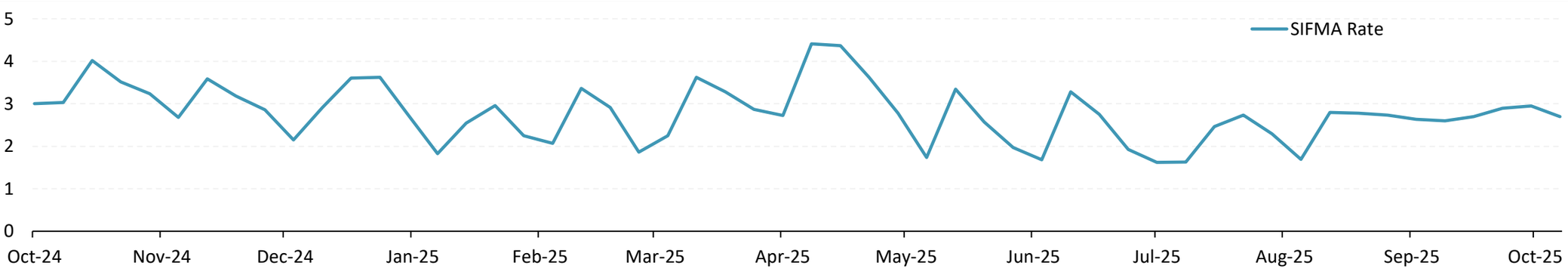


Figure 10: Monthly Bond Maturities and Redemptions [e]



- In October, investors are poised to receive approximately $9.86 billion from maturing securities, calls, and interest payments. The month has kicked off on a strong note, with around $28 billion already returned to investors, maintaining momentum comparable to September and setting a positive tone for the upcoming months. As we look toward the rest of fall and the onset of winter, the demand fueled by these capital returns is expected to remain steady, with projections of about $37.5 billion in November and $37 billion in December—both figures mirroring the current month's performance (Figure 10).
- The municipal money market fell last week; the SIFMA seven day index quoted down 25 bps at 2.7% at the October 8th quote (Figure 11).

Figure 11: SIFMA Municipal Swap Index Yield [e]



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

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Municipal Market Monitor

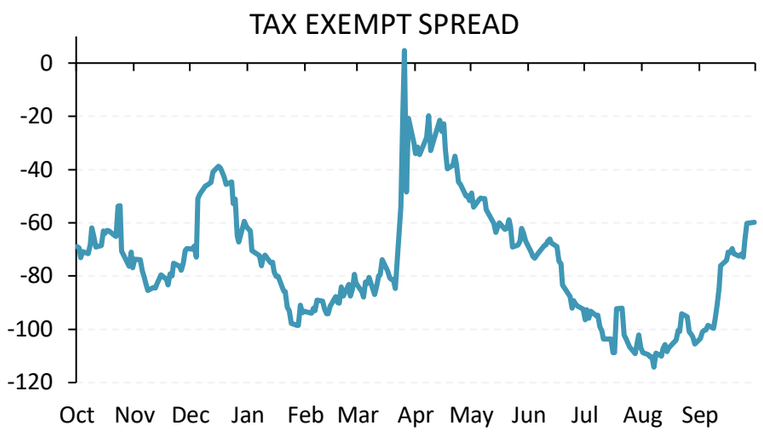
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Relative Value Analysis

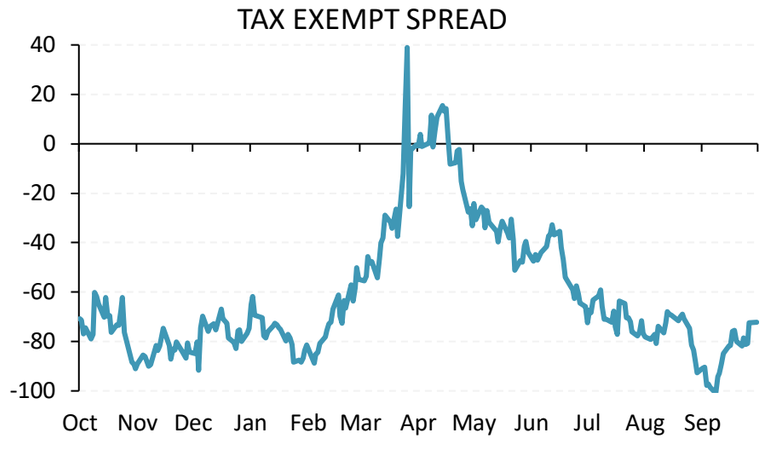
1-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	13.1	-59.9
1 yr average	14.4	-74.6
1yr max	26.2	4.7
1yr min	4.7	-114.2
Z score	**-0.3**	**0.7**



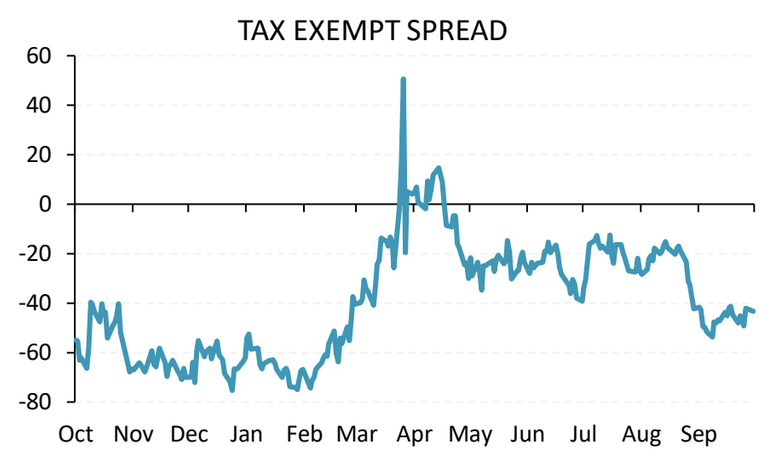
5-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	22.7	-72.2
1 yr average	27.3	-60.8
1yr max	45.6	38.9
1yr min	14.0	-100.9
Z score	**-0.8**	**-0.4**



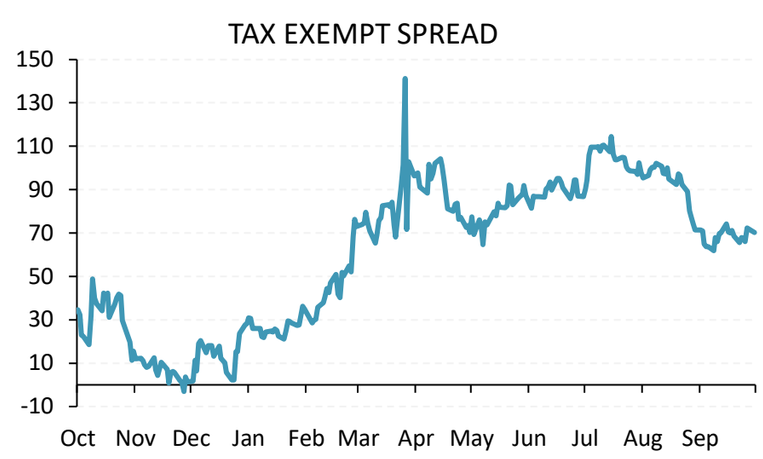
10-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	31.4	-43.3
1 yr average	37.5	-38.8
1yr max	55.2	50.6
1yr min	25.5	-75.3
Z score	**-0.9**	**-0.2**



30-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	88.9	70.2
1 yr average	80.2	61.3
1yr max	97.9	141.3
1yr min	62.7	-3.1
Z score	**1.0**	**0.3**



- MMD data in Figures 3 and 4 on the first page of this report suggest that there is more value in the 1, 10, and 30-year ranges. 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.
- Data from this curve mostly supports the conclusion reached from the MMD data, although the value opportunity in this analysis is more concentrated at either end of the curve. Here, both the 1-year and 30-year exempt maturities are trading somewhat cheaper than their annual average spreads. 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)
10/13/2025	TX TRANSPRTN COMM-REF	GO	TX	1,772
10/13/2025	DASNY-A	Rev	NY	1,599
10/13/2025	NEW YORK TXBL	GO	NY	1,750
10/13/2025	WA HLTH CARE FACS AUTH	Rev	WA	1018
10/13/2025	COLORADO HLTH FACS AUTH		CO	496

- Despite the holiday week impacting bond markets, the municipal issuance calendar is set to approach $11 billion in new bonds. Notably, 20 transactions will surpass the $100 million mark, collectively representing approximately 79% of the total volume. Taxable issuances are projected to constitute a significant 18% of the overall issuance. This week will also feature four deals exceeding $1 billion, including one taxable offering. Additionally, around $4 billion of the week's issuance will originate from the state of New York. Piper Sandler is positioned as the sole manager on $605m, senior on $138mm, and Co-Senior on $304mm of the scheduled issuance.

- This week's economic news is likely to be disrupted by the government shutdown. Despite the potential lack of data, the following releases are scheduled: NFIB Small Business Optimism today; MBA Mortgage Applications and Empire Manufacturing tomorrow; Retail Sales Advance, PPI Final Demand, and Initial Jobless Claims on Thursday; and Housing Starts, Building Permits, and Industrial Production on Friday.

Piper Sandler Municipal Calendar (Week of October 13th, 2025)[u]

Negotiated

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
10/14/2025	BQ	Imperial Airport Auth 25	GO	NE	605	
10/14/2025		Roanoke Combination Tax Rev Certs of Oblig 25	GO	TX	24,280	2026-50

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
10/15/2025		Pennsylvania Turnpike Commission Sub Rev Ref 25-1	REV	PA	304,300	2026-42
10/16/2025		Pearland ISD Ultd Tax Sch Bldg Rfdg 25	GO	TX	138,425	

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

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Piper Sandler Municipal Calendar (Week of October 13th, 2025)[u]

Competitive

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
10/14/2025		Johnson Cnty Wtr Dt 1 Revs 2025	GO	KS	32,270	2033-44
10/14/2025		Fairmont ISD 2752 ULTGO 2025	GO	MN	17,815	2027-43
10/14/2025		Weatherford LTGO Ctfs Oblig 2025A	GO	TX	28,715	2029-46
10/14/2025	BQ	Barrington Vlg ULTGO 2025	GO	IL	6,740	2026-45
10/15/2025		Moraine Park TCD ULTGO 2026B	GO	WI	16,050	
10/15/2025		Salida Revs 2025	REV	CO	16,455	2026-45
10/15/2025	BQ	Bremen Multi-Sch Bldg Corp Revs 2025	REV	IN	6,600	2026-31
10/15/2025	BQ	Washington Twp Met Sch Dt LTGO 2025	GO	IN	5,500	2026-31
10/15/2025		Needham Twn LTGO 2025	GO	MA	15,965	2026-40
10/15/2025		Hibbing ULTGO 2025A	GO	MN	19,840	
10/15/2025		Piscataway Twp ULTGO 2025	GO	NJ	48,695	2026-37
10/15/2025	TAX	Frisco LTGO Txbl Ctfs Oblig 2025D	GO	TX	37,115	2028-47
10/16/2025		Ocean Cnty ULTGO Gen Improv 2025	GO	NJ	45,250	2026-45
10/16/2025		Fairview Park ULTGO 2025	GO	OH	12,900	2026-55
10/16/2025		Ocean Cnty ULTGO Voca Tech Sch 2025	GO	NJ	33,450	2026-45

Municipal Credit Actions

Credit actions within the last week

Credit Upgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-10-07	187350	CLINTON BOND FAYETTE ETC CNTYS ILL CMNTY COLLEGE DIST NO 501 (IL)	Moodys rating upgrade from A1 to AA3 RTG
2025-10-08	149039	CATASAUQUA PA (PA)	S&P rating upgrade from BB+ to BBB- RTG
2025-10-08	45203K	ILLINOIS FIN AUTH STUDENT HSG & ACADEMIC FAC REV (IL)	S&P rating upgrade from BB+ to BBB- RTG

Credit Downgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-10-08	094333	BLOOMINGDALE ILL (IL)	S&P rating downgrade from AA+ to AA RTG
2025-10-08	443806	HUDSON IOWA (IA)	Moodys rating downgrade from A3 to BAA1 RTG
2025-10-08	982259	WRIGHT CITY MO R-II SCH DIST CTFS PARTN (MO)	S&P rating downgrade from A+ to A RTG
2025-10-08	982260	WRIGHT CITY MO SCH DIST NO R-002 (MO)	S&P rating downgrade from AA- to A+ RTG
2025-10-09	60956P	MONMOUTH CNTY N J IMPT AUTH REV (NJ)	S&P rating downgrade from AA to AA- RTG
2025-10-10	19648A	COLORADO HEALTH FACS AUTH REV (CO)	S&P rating downgrade from A+ to A- RTG
2025-10-10	19648F	COLORADO HEALTH FACS AUTH REV (CO)	S&P rating downgrade from A+ to A- RTG

Default[a]

AlertDate	CUSIP6	Issuer	EventDesc

Source: ICE (a), Piper Sandler (u)

Disclaimer

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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