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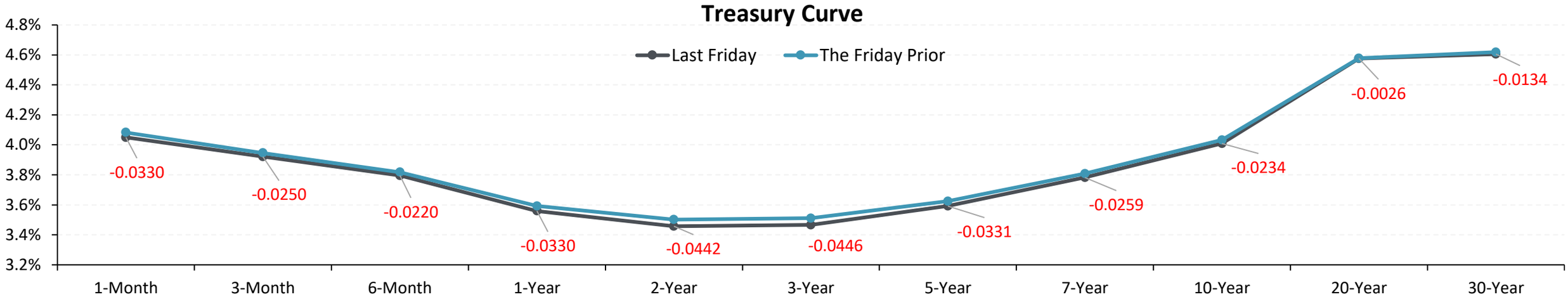
Municipal Market Monitor

Fixed Income | Municipal Fixed Income Research

A weekly look at trends in the municipal bond market
Data through market close 10/17/2025

The Headline

The government shutdown is now entering its fourth week. With economic news still postponed, the market has been left somewhat oblivious to the underlying conditions of the economy. With the October FOMC meeting approaching, expectations are building for a potential 25 basis point reduction in the Fed Funds rate. Despite the prevailing uncertainty, the FOMC must weigh the latest data, which indicates a softening labor market alongside relatively stable inflation. This has led many analysts to anticipate a rate cut as a form of policy insurance against further economic weakening. In other developments, tensions have arisen between major banks and private credit firms following concerns over poor loan performance impacting the regional banking sector. However, a week of robust bank earnings has helped to alleviate some of the market's anxieties. Treasuries ended the week with the yield on the 1-year down 3.3 basis points to close at 3.559%, the 10-year Treasury down 2.34 basis points to close at 4.0088%, and the 30-year decreased by 1.34 basis points to close at 4.6053%.



Municipal Performance

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

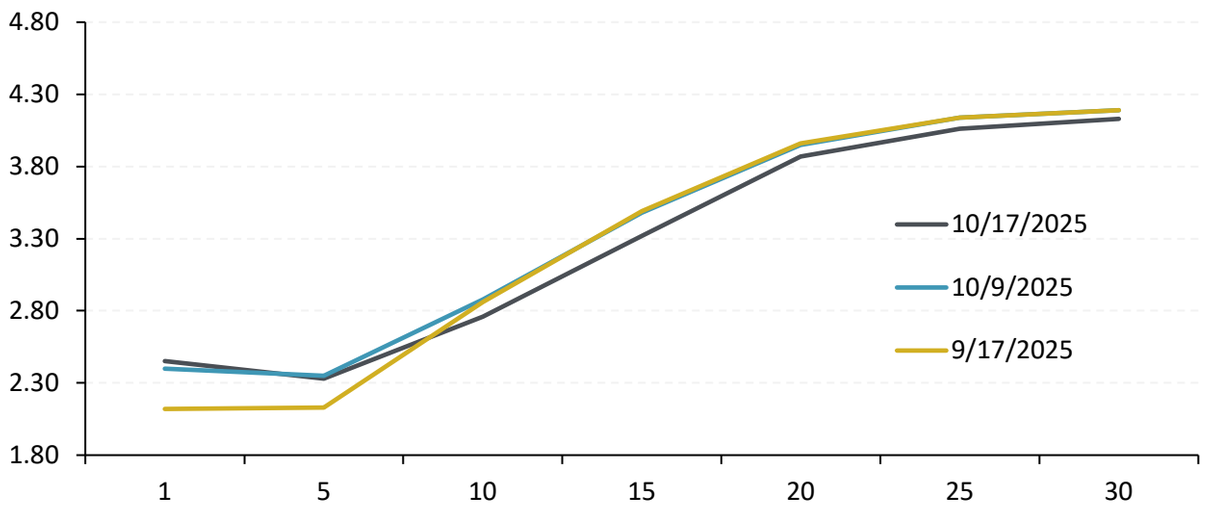
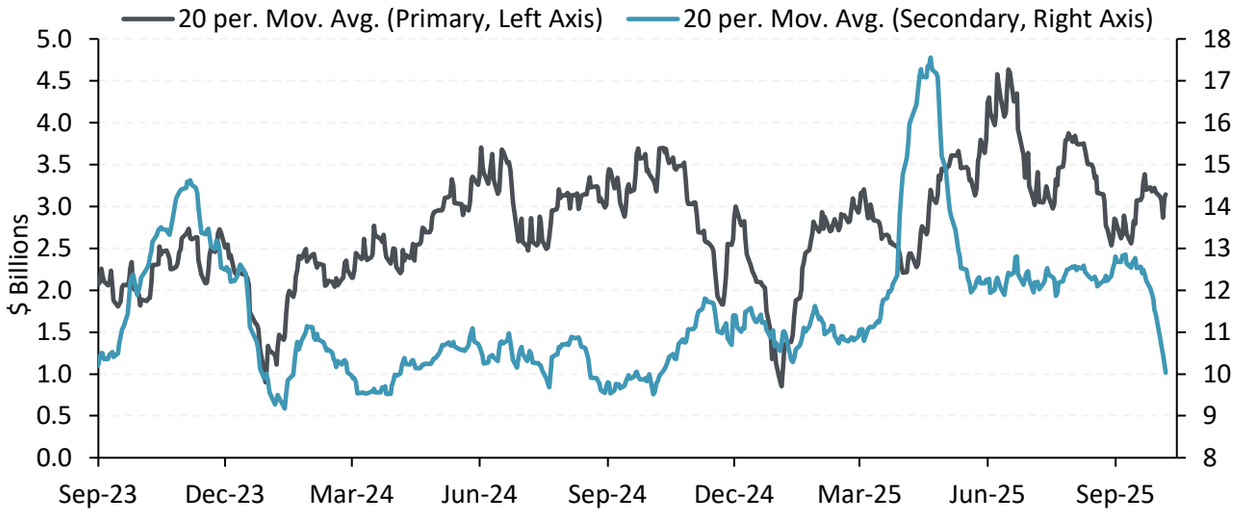


Figure 2: Primary vs. Secondary Market Trading Activity [o]



- Municipal bonds further out on the curve continued to gain ground, while short durations became cheaper last week. Data from the AAA benchmark curve indicated that the yield on the 1-year increased by 5 bps to 2.45%, the 10-year decreased by 12 bps to 2.76%, and the 30-year fell by 6 bps to 4.13%. The curve continued to flatten last week, with both near and far-end spreads contributing to the movement. The 1/30 spread flattened by 11 bps to 168 bps, the far-end 7/20 spread decreased by 2 bps to 138 bps, and the near-end 1/7 spread fell by 11 bps, flattening to just 4 bps (Figure 1).
- Secondary market activity fell last week, as could be expected during a shortened holiday week. The preliminary report indicated activity at about $32.3 billion, a decrease from the previous week's preliminary figure of $39.9 billion. The 20-trading day moving average for secondary market activity continued on its downward trend, while primary activity reversed course and increased last week, as measured by the same average (Figure 2).

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

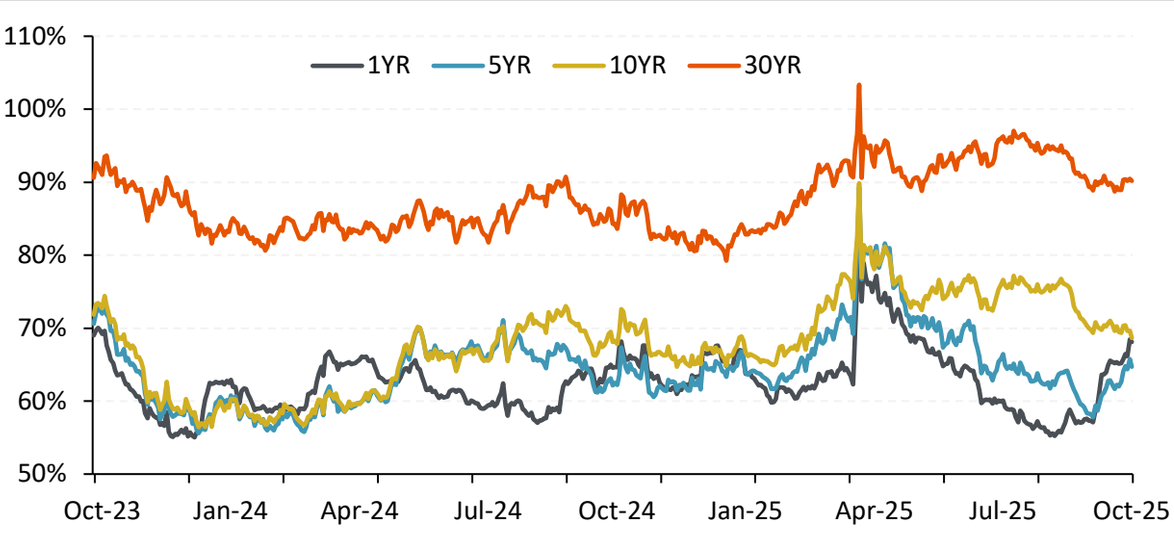
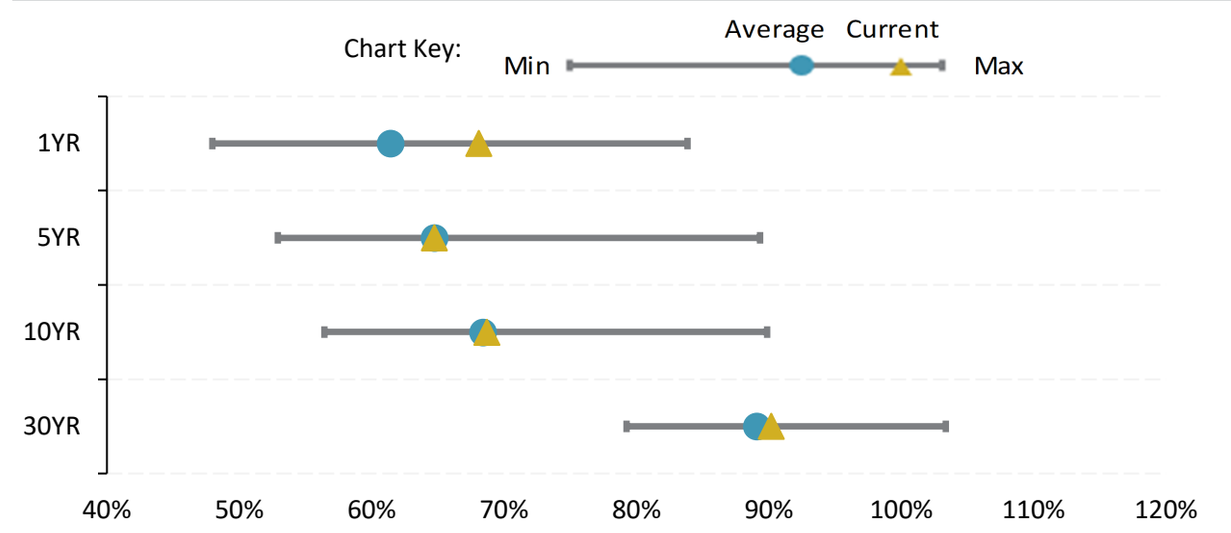


Figure 4: AAA Muni as % of Treasuries - Three Year History [a]



- At a glance, municipals again lagged treasuries across most of the curve, with the 10-year range still showing more resilience. The 1-year M/T ratio (5% municipal coupon) rose by 2.91 percentage points (ppt) to 68.07%, the 5-year increased by 2.09 ppt to 64.74%, the 10-year fell by 0.64 ppt to 68.69%, and the 30-year ratio rose by 1.29 ppt to 90.19%. Relative to their respective ratios from the last three years, each of the 5-, 10-, and 30-year maturities is effectively on top of its average. However, the 1-year is now more than a standard deviation above its average, indicating a value opportunity when considering the muni/treasury ratio (Figure 4).

Source: ICE (a), MSRB (o)

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Municipal Market Flows & Supply

Figure 5: 30-Day Visible Supply [c]

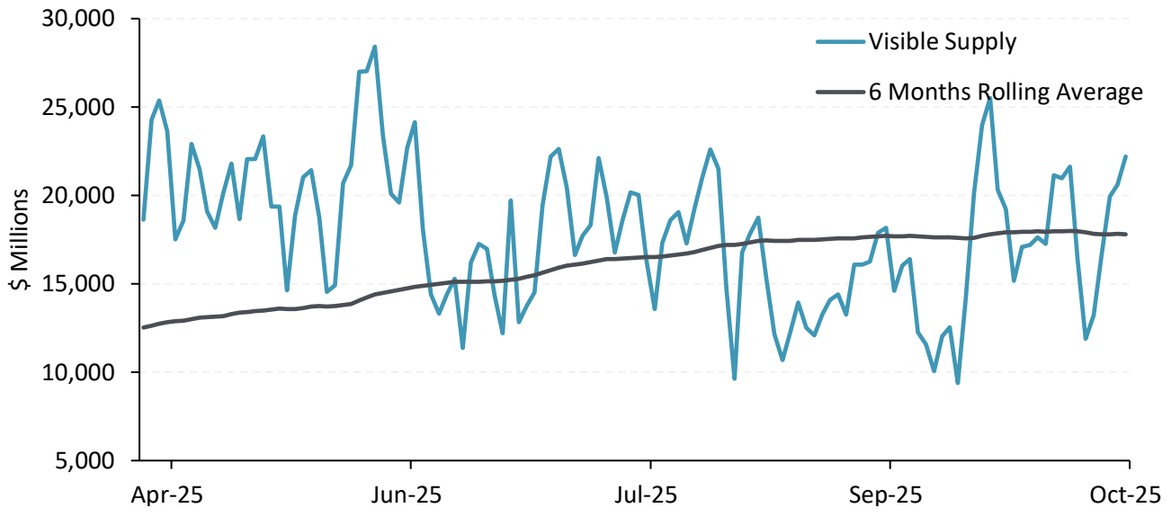
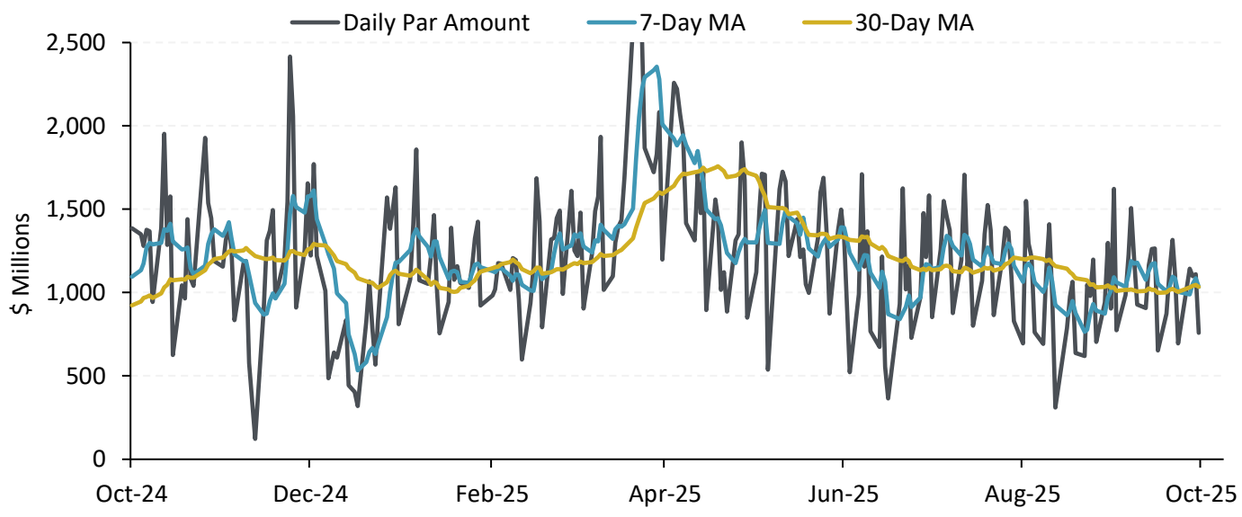


Figure 6: Bids Wanted Par Amount - One Year History [e]



- The 30-day visible supply saw a considerable jump, now at nearly $22.2 billion, a notable recovery from the previous week's $13.2 billion (Figure 5).
- Bids wanted were down almost $350 million from the Friday prior. The 30-trading day average rose another $23 million, displaying persistent activity. The 7-day average fell about $53 billion from the week prior. The short-term crossover of the longer-term trend suggests that bids could continue their modest downward trend over the next week (Figure 6).

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

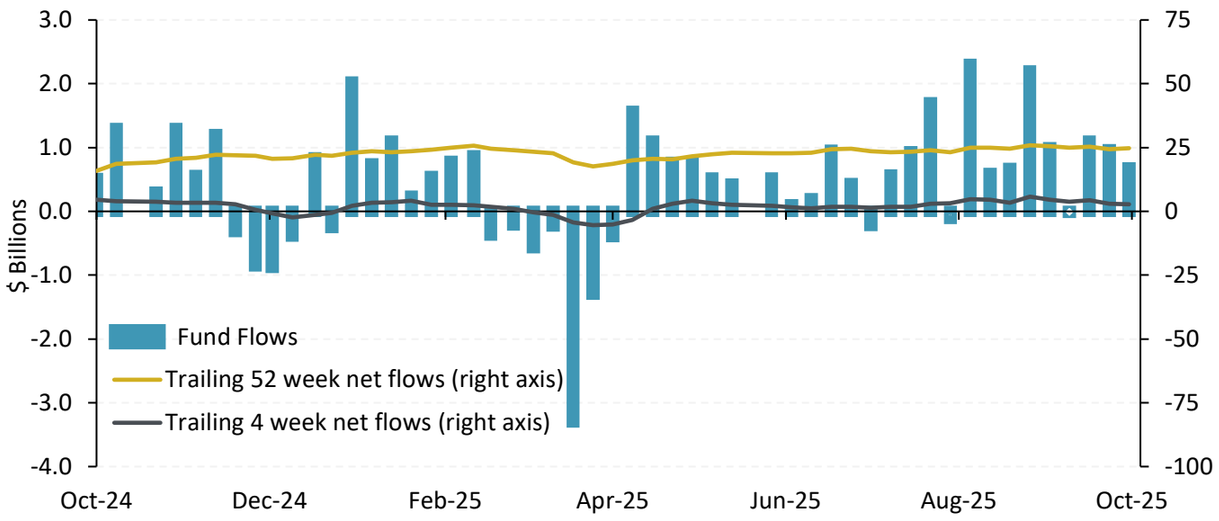
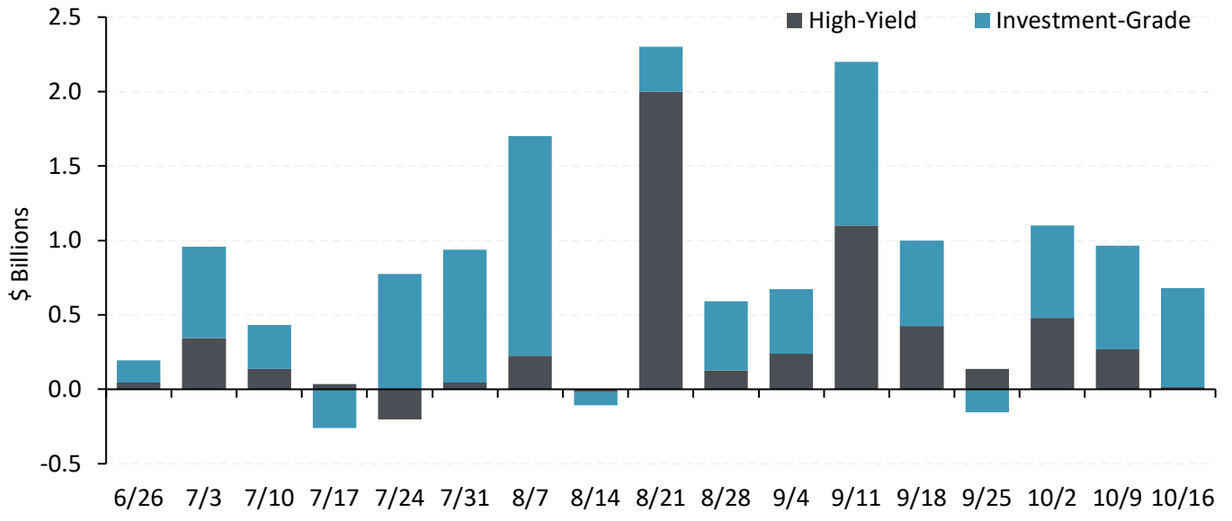


Figure 8: Weekly Municipal Fund Flows - HY vs IG [i]



- Municipal mutual funds saw an inflow of around $678 million last week, as reported by LSEG Lipper (Figure 7).
- Investment-grade funds significantly outperformed high-yield funds in terms of flows this week. Specifically, investment-grade funds garnered around $663 million in inflows, whereas high-yield funds experienced a modest increase of only $15 million (Figure 8).
- In a reversal of trends observed in recent weeks, short-duration funds experienced the highest level of inflows, followed by medium and then long-term funds. Specifically, long-term funds recorded inflows of approximately $135 million, intermediate-term funds accumulated $226 million, and short-term funds saw positive flows of $317 million (Figure 9).

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

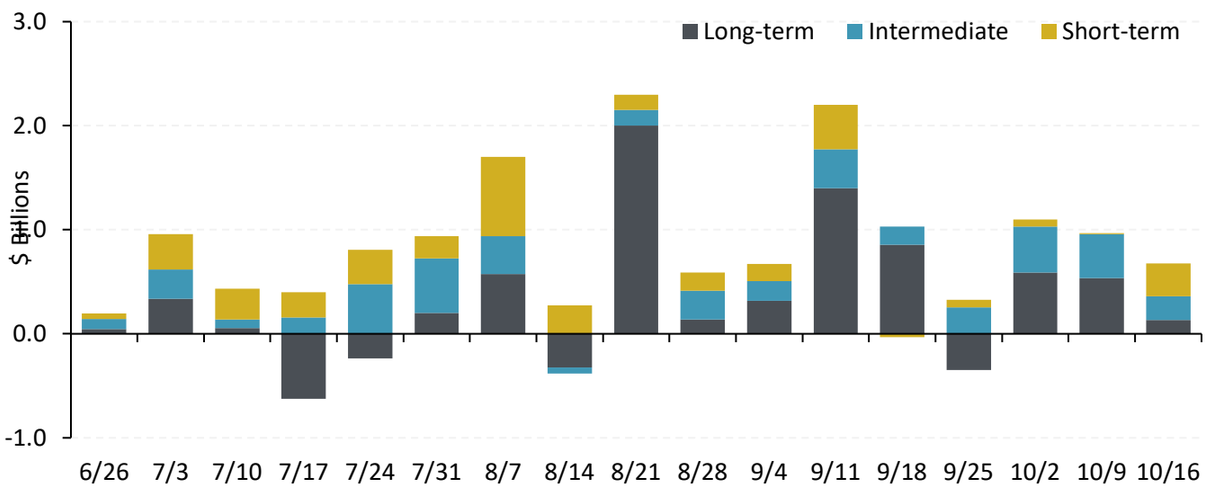
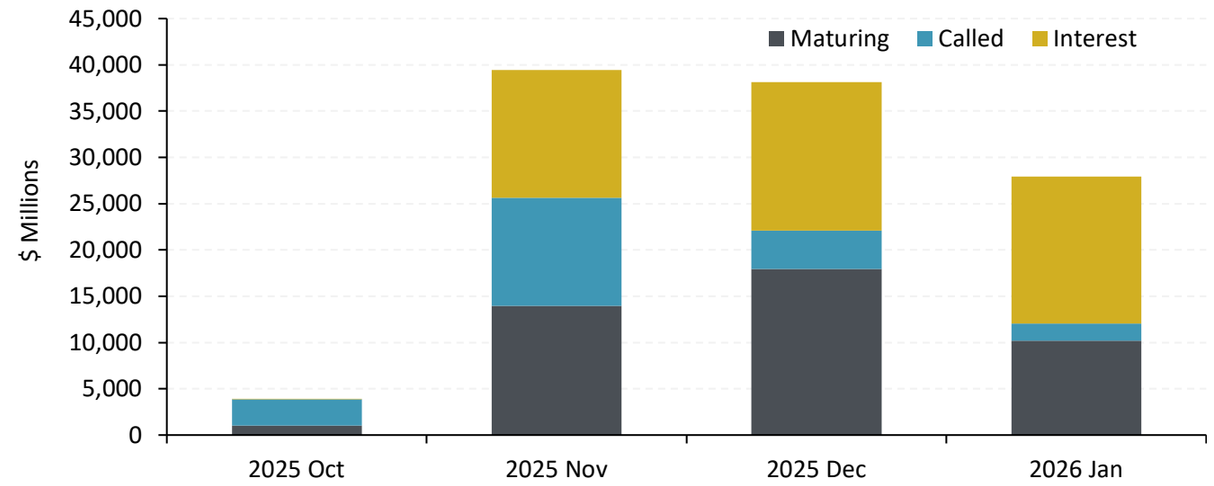
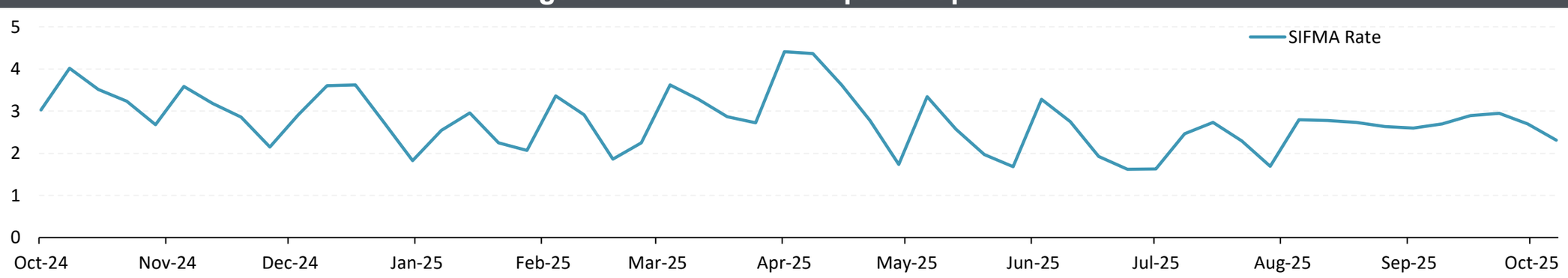


Figure 10: Monthly Bond Maturities and Redemptions [e]



- In the closing weeks of October, investors are set to receive around $3.9 billion from maturing securities, calls, and interest payments. As we transition into late fall and approach winter, the appetite for investment driven by these capital flows is anticipated to remain level. Forecasts suggest inflows of approximately $39.5 billion in November and $38 billion in December, reflecting similar trends observed in the current month (Figure 10).
- The municipal money market continued to fall last week; the SIFMA seven day index quoted down 39 bps at 2.31% at the October 15th 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

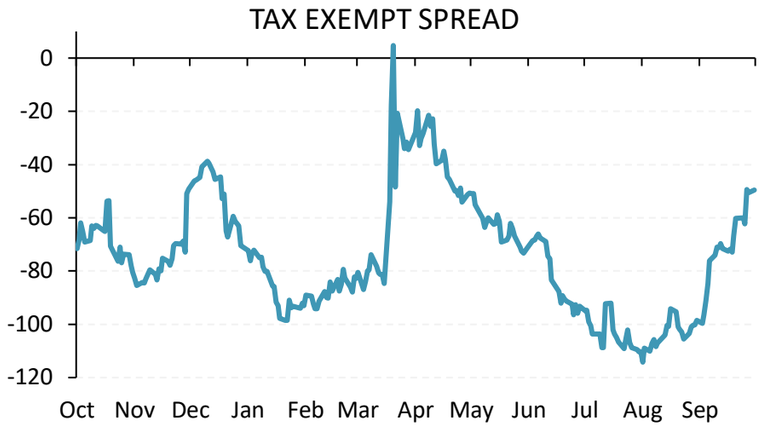
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Relative Value Analysis

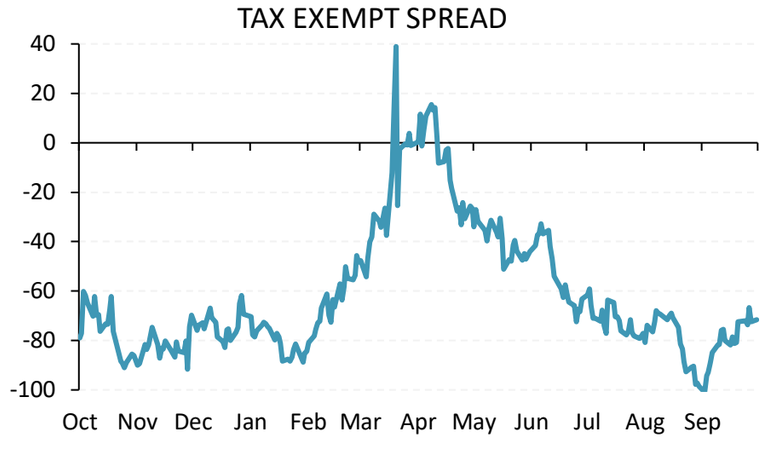
1-Year Spreads (bp)

BVAL AAA Muni Indicies[s]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	13.1	-49.6
1 yr average	14.3	-74.3
1yr max	26.2	4.7
1yr min	4.7	-114.2
Z score	**-0.3**	**1.1**



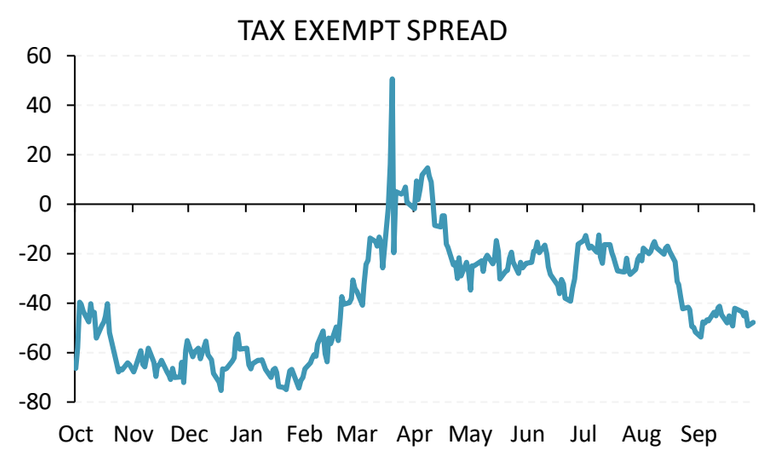
5-Year Spreads (bp)

BVAL AAA Muni Indicies[s]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	20.7	-71.6
1 yr average	27.2	-60.8
1yr max	45.6	38.9
1yr min	14.0	-100.9
Z score	**-1.1**	**-0.4**



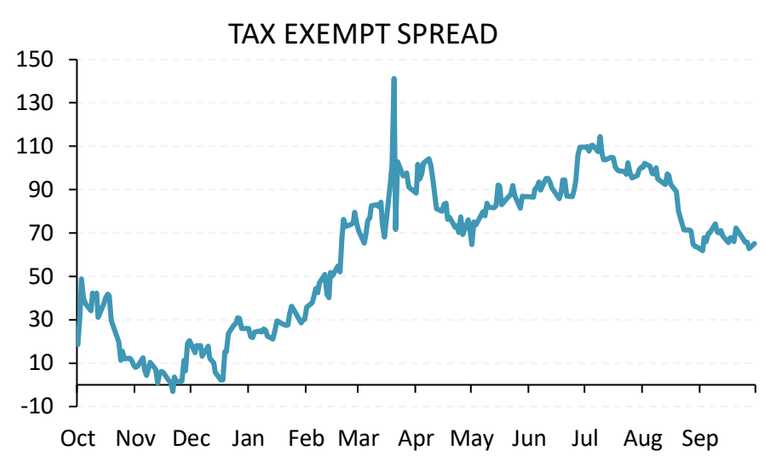
10-Year Spreads (bp)

BVAL AAA Muni Indicies[s]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	29.0	-47.8
1 yr average	37.4	-38.6
1yr max	55.2	50.6
1yr min	25.5	-75.3
Z score	**-1.2**	**-0.4**



30-Year Spreads (bp)

BVAL AAA Muni Indicies[s]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	85.2	65.1
1 yr average	80.3	61.9
1yr max	97.9	141.3
1yr min	62.7	-3.1
Z score	**0.6**	**0.1**



- MMD data in Figures 3 and 4 on the first page of this report suggest that relative value is concentrated in the 1-year maturity currently. 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 agrees with the conclusion reached from the MMD data. In analyzing the z-scores, one can see that the largest figure, and the cheapest spread, can be found in the 1-year tax-exempt index. While there continues to be an indication of some value in the 30-year, it is not nearly as strong an indicator as the one seen for the 1-year. 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)
10/20/2025	TX TRANSPRTN COMM-REF	GO	TX	1,772
10/20/2025	NJ TRANSPRTN TRUST-AA	Rev	NJ	1,500
10/20/2025	NY TRANSITIONAL FIN-B	Rev	NY	1,500
10/20/2025	SAN ANTONIO ELEC & GAS-A	Rev	CA	1398
10/20/2025	KENTUCKY COMMONWEALTH-A	Rev	KY	775

- Municipal bond issuance continues to shine, with $15.1 billion in new bonds hitting the market this week. Among the deals of the week, 30 transactions will exceed the $100 million threshold, collectively accounting for nearly 80% of the total issuance volume. Taxable bonds are also making a strong showing, representing close to 11% of the overall volume. Notably, this week includes four deals surpassing the $1 billion mark, with the largest deal having been rescheduled from last week. Additionally, Piper Sandler is set to act as the senior or sole manager on $392.4 million of this week's offerings.

- This week's economic updates are still expected to be affected by the government shutdown. Although there may be a continued scarcity of data, the following reports are still slated for release: Philadelphia Fed Non-Manufacturing Index tomorrow; MBA Mortgage Applications on Wednesday; Initial Claims and Existing Home Sales on Thursday; with New Home Sales, S&P Global Manufacturing PMI, and CPI Inflation coming on Friday.

Piper Sandler Municipal Calendar (Week of October 20th, 2025)[u]

Negotiated

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
10/20/2025		Frisco ISD Ultd Tax Rfdg 25B	GO	TX	214,400	2026-34
10/21/2025		State Pub Works Board Lse Rev 25C	REV	CA	621,195	2026-50
10/21/2025	TAX	State Pub Works Board Lse Rev 25D	REV	CA	21,310	2026-28
10/21/2025		Tracy Imp Area No 3 CFD 2016-2 (ECFD) Spec Tax 25	REV	CA	17,250	
10/21/2025		Durango Sls Use Tax Rev 25	REV	CO	61,000	2026-55

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
10/21/2025		Clint ISD Ultd Tax Rfdg 25	GO	TX	31,435	
10/21/2025		Puyallup SD 3 UTGO Ref 25	GO	WA	48,695	2025-36
10/22/2025		Celina ISD Ultd Tax Rfdg 25	GO	TX	19,645	2026-37
10/23/2025		Sacramento City USD Elec 24 GO 25A	GO	CA	143,000	

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 20th, 2025)[u]

Competitive

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
10/20/2025	BQ	Richmond LTGO Ctfs Oblig 2025	GO	TX	8,495	2027-46
10/20/2025		Grand Forks LTGO Rfdg 2025F	GO	ND	15,965	2027-51
10/21/2025		Wicomico Cnty LTGO 2025	GO	MD	17,015	2026-45
10/21/2025		Everman ISD ULTGO Rfdg 2025	GO	TX	10,640	2026-29
10/21/2025	BQ	Chippewa Falls ULTGO 2025A	GO	WI	4,220	2026-45
10/21/2025	BQ	Butler Cnty ULTGO 2025	GO	IA	3,945	2027-40
10/21/2025	BQ	Eau Claire Cnty ULTGO 2025A	GO	WI	3,845	
10/21/2025		Lawrence Rfdg Revs 2025	REV	KS	121,570	2026-45
10/22/2025		Winchester ULTGO 2025	GO	VA	23,075	2026-45
10/22/2025	BQ	Southwestern Multi-Sch Bldg Corp Revs 2025	GO	IN	3,070	
10/22/2025		Derby ULTGO 2025B	GO	KS	34,080	2027-55
10/22/2025		Hibbing ULTGO 2025A	GO	MN	19,840	
10/22/2025	TAX	Milwaukee Cnty ULTGO Txbl 2025E	GO	WI	18,310	
10/22/2025		Cache Cnty Sch Dt BoE ULTGO 2025	GO	UT	62,275	2028-46
10/22/2025		Johnson Cnty ULTGO 2025A	GO	KS	60,310	2026-55
10/22/2025	TAX	Tulsa Cnty ISD 11 ULTGO Txbl 2025	GO	OK	7,400	2027-29

Municipal Credit Actions

Credit actions within the last week

Credit Upgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-10-14	65000B	NEW YORK ST DORM AUTH REVS NON ST SUPPORTED DEBT (NY)	Moodys rating upgrade from AA3 to AA2 RTG
2025-10-15	291443	EMMET CNTY MICH (MI)	Moodys rating upgrade from AA2 to AA1 RTG
2025-10-16	607284	MOBILE CNTY ALA BRD SCH COMMRS (AL)	S&P rating upgrade from A to A+ RTG
2025-10-16	607293	MOBILE CNTY ALA BRD SCH COMMRS CAP OUTLAY WTS (AL)	S&P rating upgrade from A to A+ RTG
2025-10-16	607298	MOBILE CNTY ALA BRD SCH COMMRS SPL TAX SCH WTS (AL)	S&P rating upgrade from A to A+ RTG
2025-10-17	657271	NORTH ARLINGTON N J SCH DIST (NJ)	S&P rating upgrade from AA- to AA RTG

Credit Downgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-10-13	503570	LA MARQUE TEX (TX)	S&P rating downgrade from A+ to BB+ RTG
2025-10-14	208419	CONROE TEX LOC GOVT CORP HOTEL REV (TX)	S&P rating downgrade from CCC to CCC- RTG
2025-10-14	495098	KING CNTY WASH SCH DIST NO 405 BELLEVUE (WA)	S&P rating downgrade from AA+ to AA- RTG
2025-10-15	870241	SWEDESBORO N J (NJ)	S&P rating downgrade from AA- to A+ RTG
2025-10-16	105025	BRAINTREE MASS (MA)	Moodys rating downgrade from AA2 to AA3 RTG
2025-10-16	623307	MOUNT UNION PA AREA SCH DIST (PA)	S&P rating downgrade from A to BBB+ RTG
2025-10-17	390100	GREAT BARRINGTON MASS (MA)	S&P rating downgrade from AAA to AA+ RTG

Default[a]

AlertDate	CUSIP6	Issuer	EventDesc

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

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