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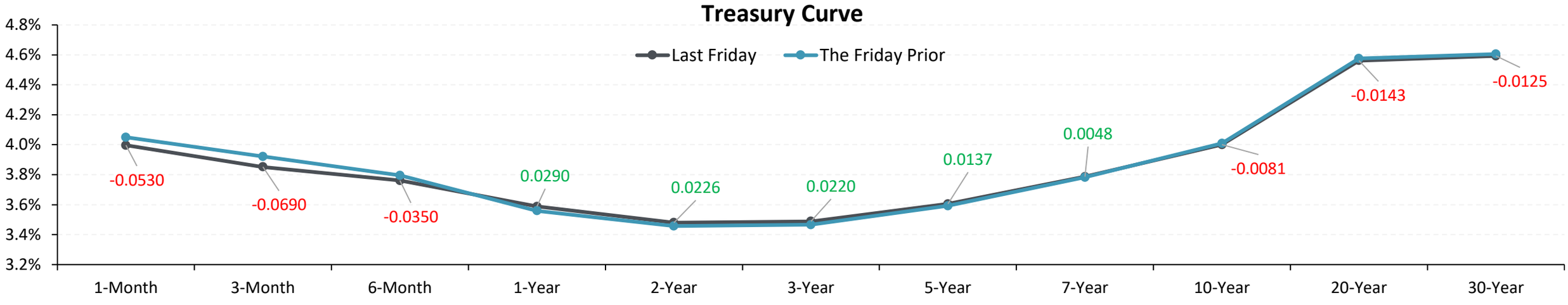
Municipal Market Monitor

Fixed Income | Municipal Fixed Income Research

A weekly look at trends in the municipal bond market
Data through market close 10/24/2025

The Headline

The government shutdown, now in its 27th day, continues to interrupt the economic reporting schedule, creating a significant data vacuum. Despite this scarcity of market data, the CPI inflation report for September was released last week, indicating that price growth continues to moderate, with headline inflation at 3.0% year-over-year and cooler than market expectations. As this report stands among the only major indicators available before the Federal Reserve's next rate cut decision on Wednesday, market expectations for a 25 basis point cut have started to solidify. Without critical data to illuminate the path forward, it is more likely the Fed will lean into an "insurance cut," avoiding potential inaction when the labor market could be softening further in the dark. Treasuries ended the week with the yield on the 1-year up 2.9 basis points to close at 3.588%, the 10-year Treasury down 0.81 basis points to close at 4.00%, and the 30-year decreased by 1.25 basis points to close at 4.5928%.



Municipal Performance

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

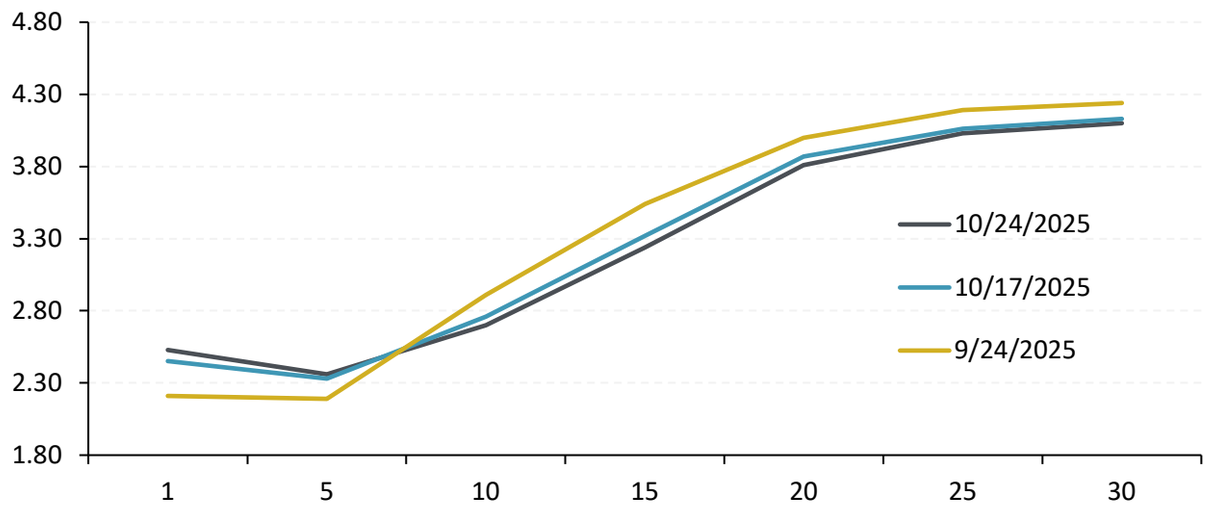
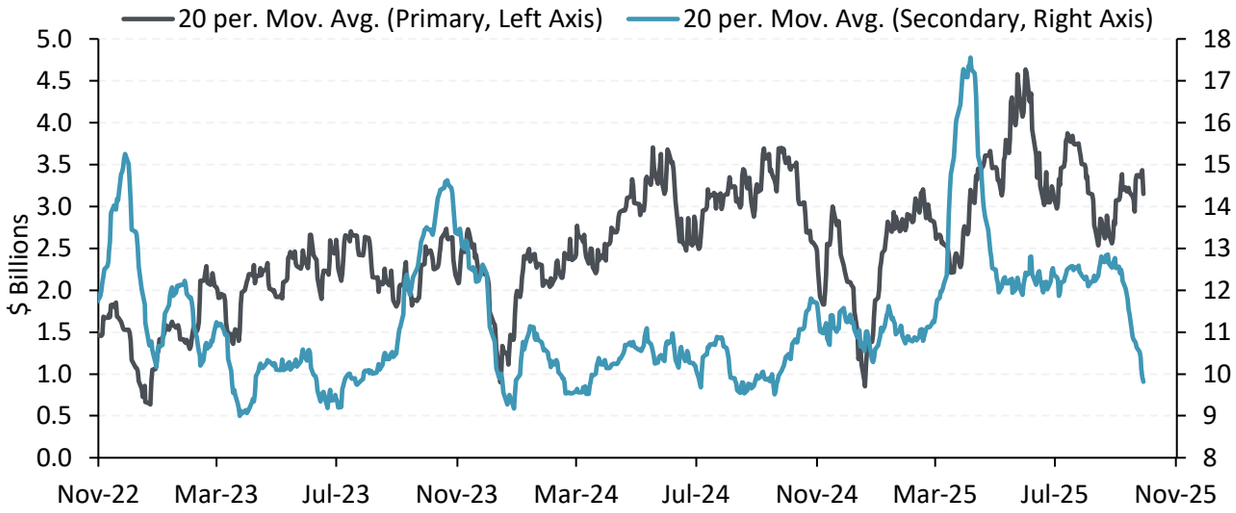


Figure 2: Primary vs. Secondary Market Trading Activity [o]



- Municipal bonds saw another week of continued strength on the far end, accompanied by weakness on the short end. Data from the AAA benchmark curve indicated that the yield on the 1-year increased by 8 bps to 2.53%, the 10-year decreased by 6 bps to 2.70%, and the 30-year fell by 3 bps to 4.10%. The curve flattened further, with the movement on the front end responsible for most of the shift. The 1/30 spread flattened by 11 bps to 157 bps, the far-end 7/20 spread decreased by 4 bps to 134 bps, and the near-end 1/7 spread fell by 10 bps, flattening to a bowed, inverted figure of -6 bps (Figure 1).
- Secondary market activity rose last week, with the preliminary report indicating volume at about $38.8 billion, an increase from the previous week's preliminary figure of $32.3 billion. Despite this weekly rise, the 20-trading day moving average for secondary market activity continues to plummet, while primary activity seems to be more range-bound from week-to-week (Figure 2).

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

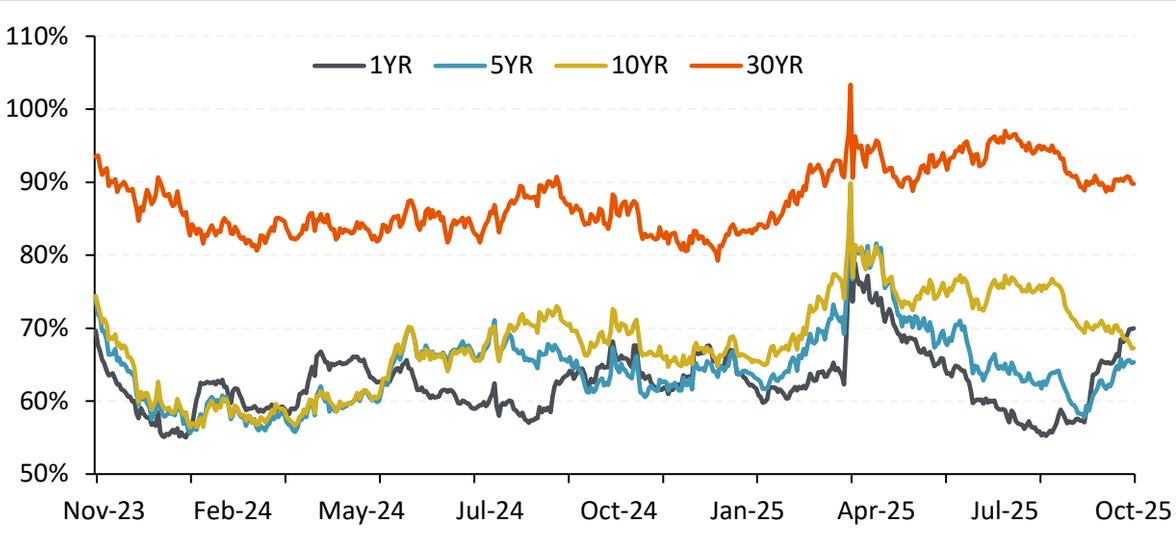
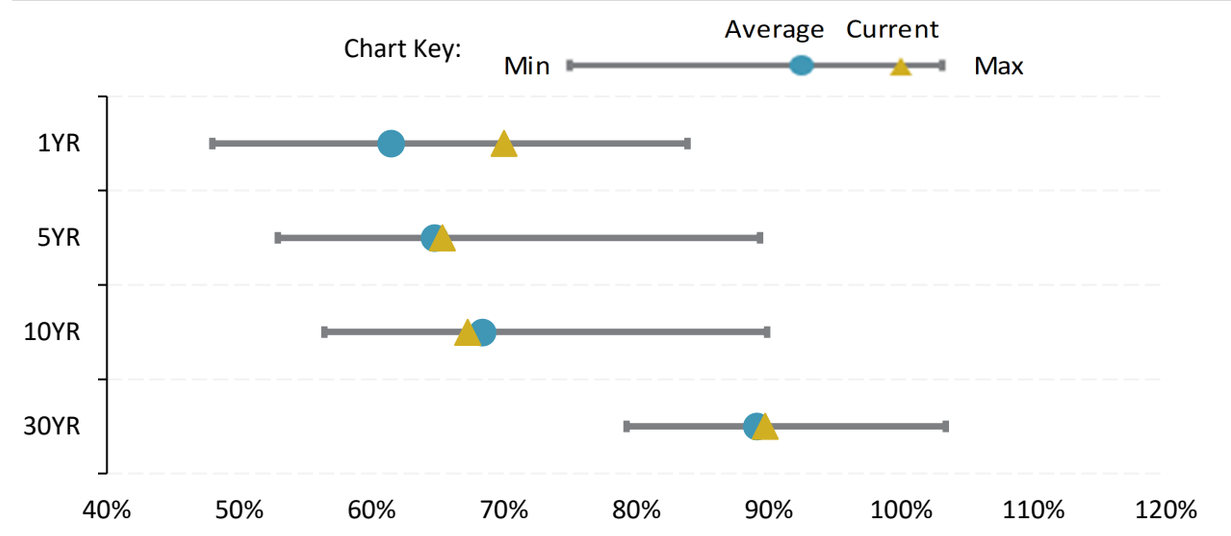


Figure 4: AAA Muni as % of Treasuries - Three Year History [a]



- Municipal bonds continued to show growing value in the front end and richer trends further out when compared to Treasuries. The 1-year M/T ratio (5% municipal coupon) rose by 1.91 percentage points (ppt) to 69.99%, the 5-year increased by 0.60 ppt to 65.34%, the 10-year fell by 1.44 ppt to 67.25%, and the 30-year ratio fell by 0.46 ppt to 89.74%. Relative to their respective ratios from the last three years, only the 10-year is currently trading richer than its average ratio. The 1-year ratio is approximately 1.7 standard deviations above its mean, signaling a potential value opportunity for muni bonds nearer on the curve (Figure 4).

Source: ICE (a), MSRB (o)

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Municipal Market Flows & Supply

Figure 5: 30-Day Visible Supply [c]

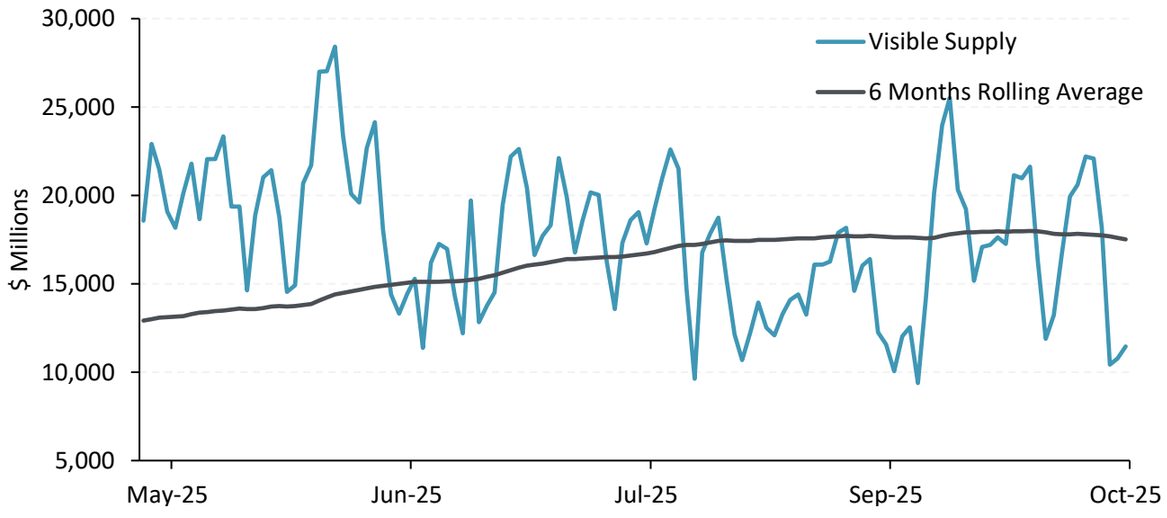
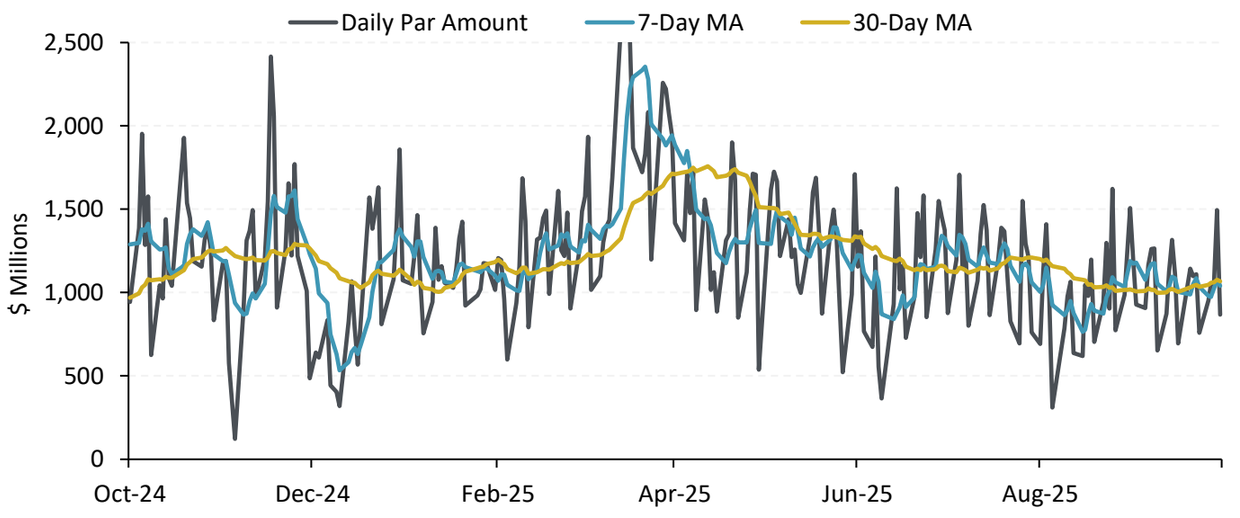


Figure 6: Bids Wanted Par Amount - One Year History [e]



- The 30-day visible supply fell last week, now at about $11.46 billion, a decrease from the previous week's $22 billion (Figure 5).
- Bids wanted were up around $108 million from the previous Friday. The 30-trading day average rose another $31 million, while the 7-day average reversed course and rose roughly $8.5 billion. The turn in the weekly trend has slowly grown more positive over the last several weeks and could be pointing to a modest increase in activity in the weeks to come (Figure 6).

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

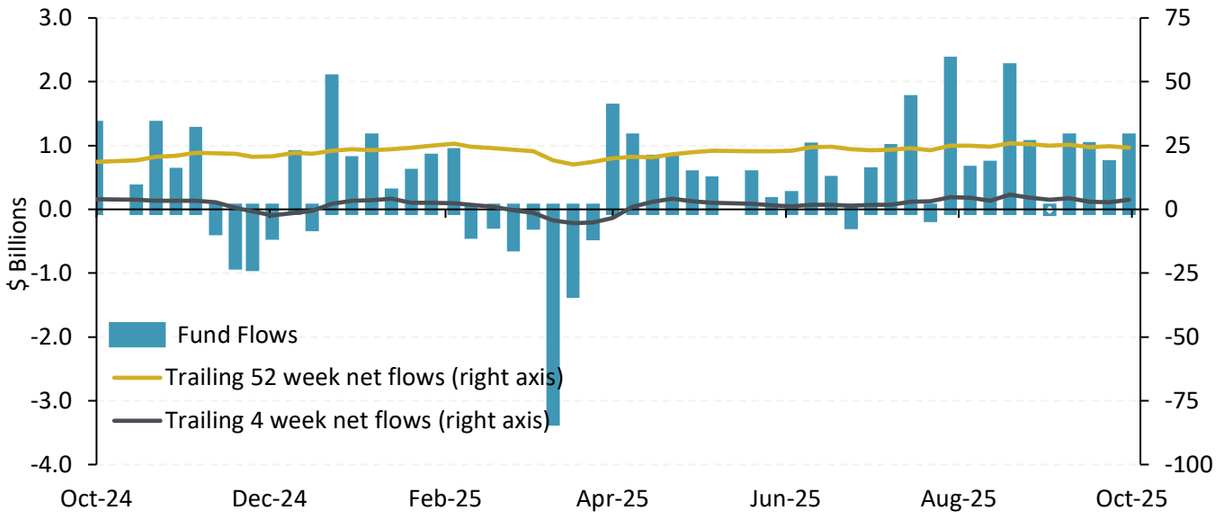
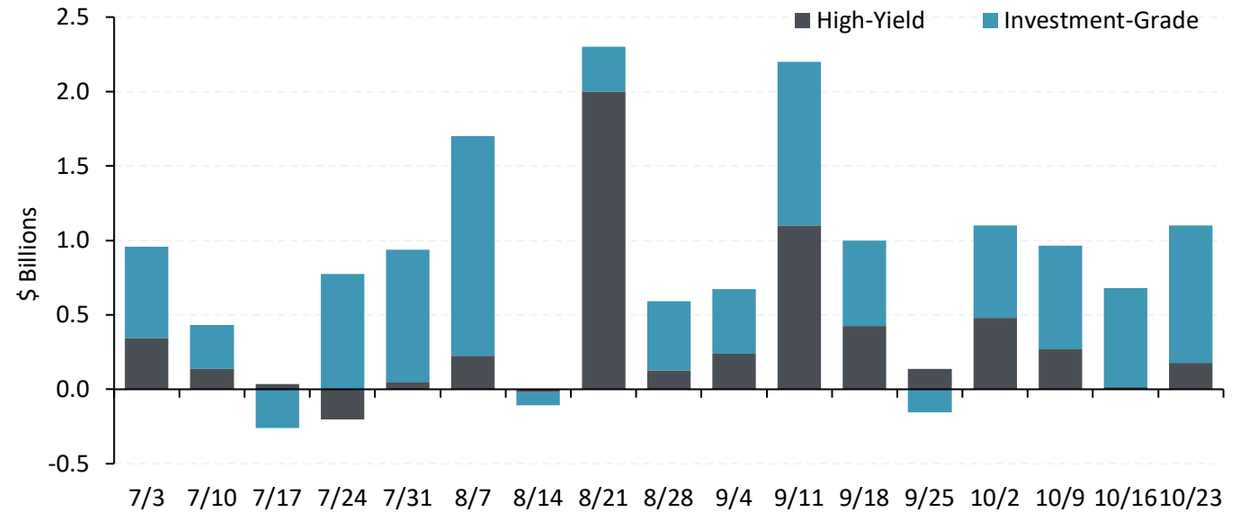


Figure 8: Weekly Municipal Fund Flows - HY vs IG [i]



- Municipal mutual funds had another week of strong inflows, this time posting gains of roughly $1.1 billion, as reported by LSEG Lipper (Figure 7).
- Investment-grade flows again dominated those of high-yield counterparts, seeing about 5 times the amount of flows as high-yield flows. Specifically, investment-grade funds garnered around $921 million in inflows, whereas high-yield funds experienced a modest increase of only $179 million (Figure 8).
- For another week, investors seem to be loading up on duration, perhaps in anticipation of further rate cuts, leading to a concentration of flows in long duration funds. Specifically, long-term funds recorded inflows of approximately $830 million, intermediate-term funds accumulated $230 million, and short-term funds saw positive flows of around $40 million (Figure 9).

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

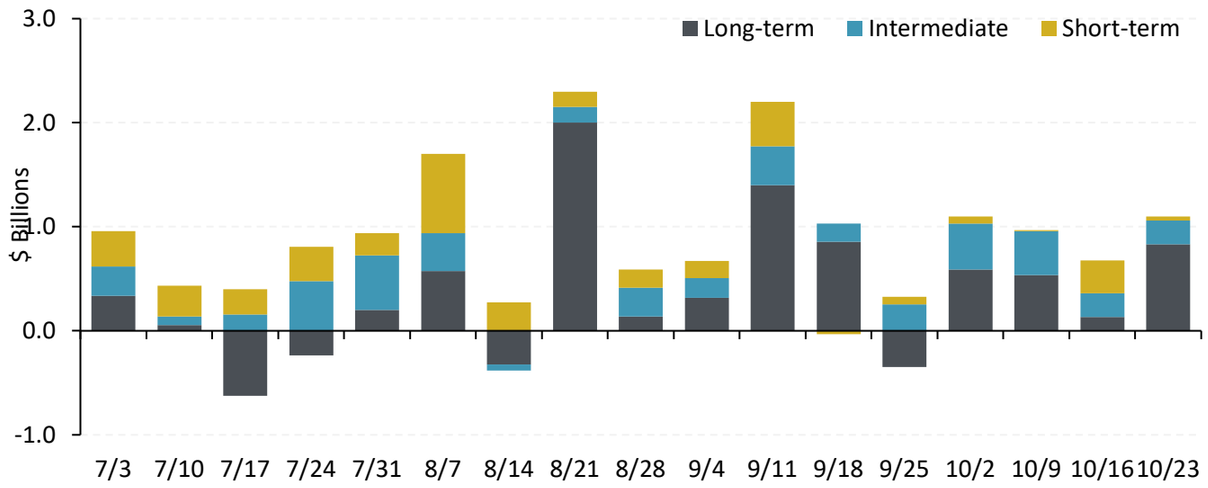
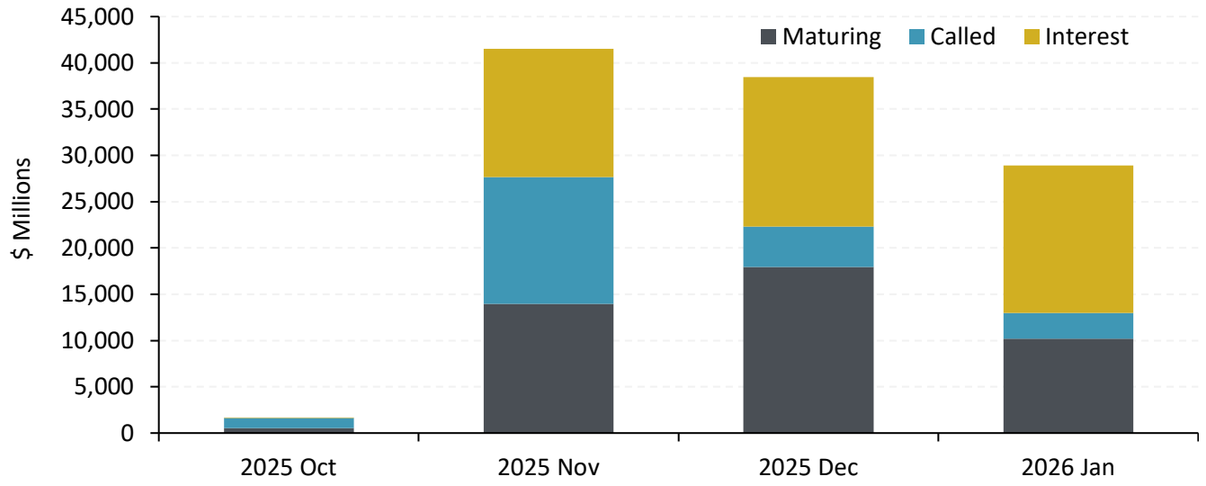
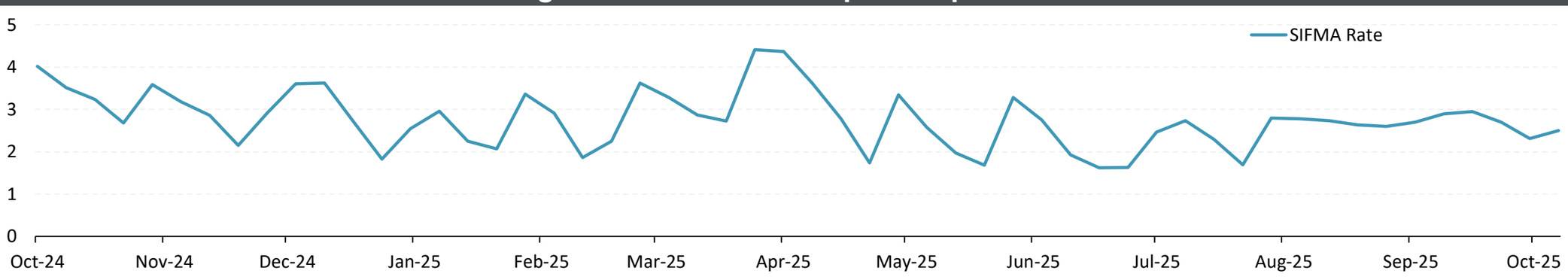


Figure 10: Monthly Bond Maturities and Redemptions [e]



- In the last week of October, investors will receive another $1.6 billion from maturing securities, calls, and interest payments. Looking forward, November's scheduled returns have gradually crept upward, and now sit at nearly $42 billion, which is a slight pickup from the approximately $38 billion. Forecasts suggest another $38 billion in December, indicating that reinvestment interest from returns of capital could stay somewhat level moving towards the end of the year (Figure 10).
- The municipal money market rose last week; the SIFMA seven day index quoted up 19 bps at 2.50% at the October 22nd 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

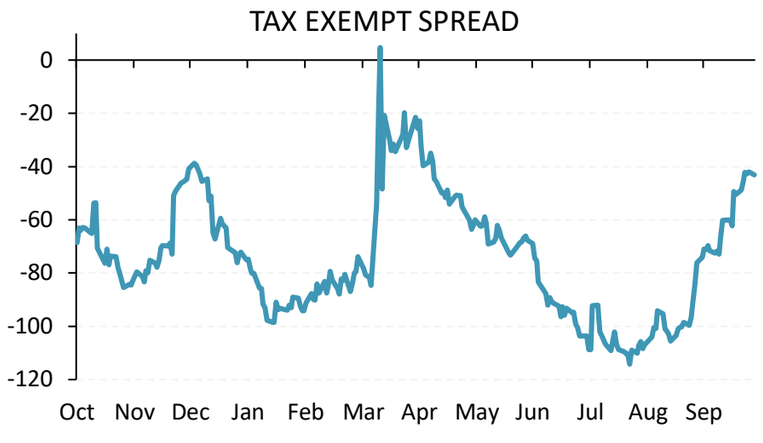
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Relative Value Analysis

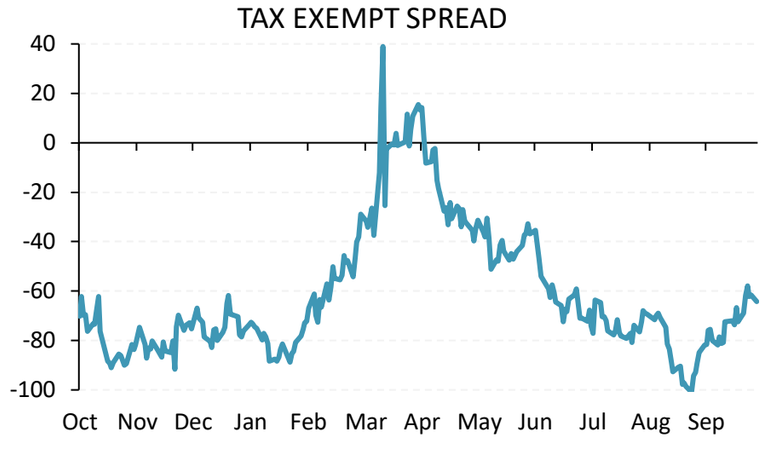
1-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	10.4	-43.1
1 yr average	14.2	-73.8
1yr max	26.2	4.7
1yr min	4.7	-114.2
Z score	**-0.9**	**1.3**



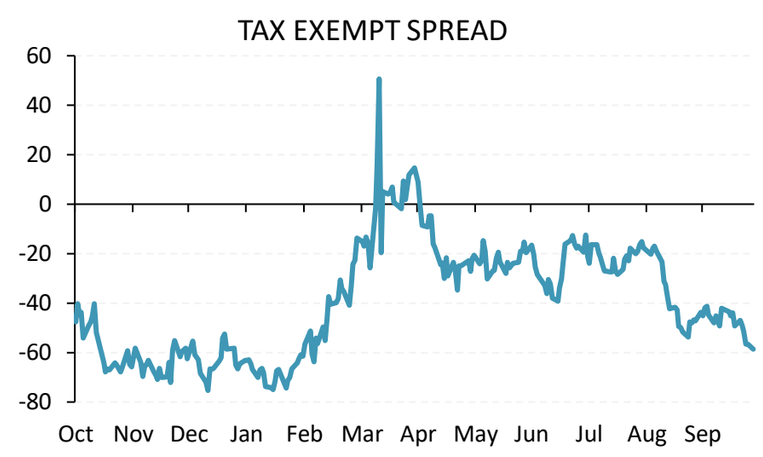
5-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	20.4	-64.2
1 yr average	27.0	-60.6
1yr max	45.6	38.9
1yr min	14.0	-100.9
Z score	**-1.1**	**-0.1**



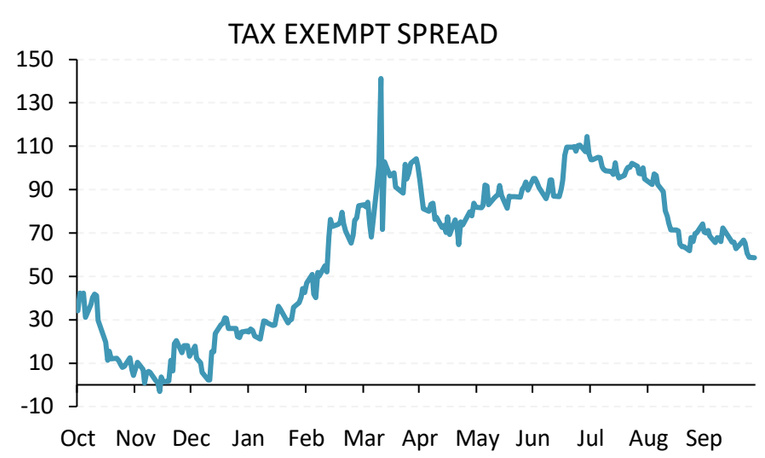
10-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	30.2	-58.6
1 yr average	37.1	-38.6
1yr max	55.2	50.6
1yr min	25.5	-75.3
Z score	**-1.0**	**-0.9**



30-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	81.1	58.7
1 yr average	80.2	62.5
1yr max	97.9	141.3
1yr min	62.7	-3.1
Z score	**0.1**	**-0.1**



- MMD data in Figures 3 and 4 on the first page of this report suggest that relative value is primarily 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 aligns with the conclusion drawn from the MMD data. Figure 4 indicated that the 1-year MMD-to-Treasury ratio was approximately 1.7 standard deviations above its mean, signaling relative value in that maturity. Here, one can observe that the z-score for the 1-year BVAL AAA Muni Index is at 1.3. The agreement between these figures underscores the value proposition for the front end of the curve. 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)
10/27/2025	CHICAGO BRD ED	GO	IL	1,112
10/30/2025	CALIFORNIA ST	GO	CA	700
10/27/2025	SULLIVAN CO RESORT FACS	Rev	NY	561
10/30/2025	CALIFORNIA ST-TXBL	GO	CA	302
10/27/2025	FLORIDA ST-DOT-D	Rev	FL	234

- Municipal bond issuance is set to slump this week, with just $6.2 billion in new bonds coming to the market. The notable decrease in issuance is likely, in part, due to the FOMC meeting on Wednesday, as issuers wait to get a better read on the market. Among the deals of the week, 12 transactions will exceed the $100 million threshold, collectively accounting for around 63% of the total issuance volume. Taxable issuance will represent 5.8% of the overall volume. The week will be largely defined by smaller deals, although the Chicago Board of Education will be printing more than $1.1 billion of refunding bonds. Piper Sandler will be the sole or co-manager on about $307.5 million of negotiated new issuance.

- While it is still likely that the economic calendar is affected by the government shutdown, it is scheduled to be released as follows: Durable Goods Orders for September today; Conference Board Consumer Confidence and the S&P Case-Shiller Home Price Index tomorrow; MBA Mortgage Applications, Wholesale Inventories, and the FOMC rate decision for October's meeting on Wednesday; Initial Jobless Claims and the advanced reading on 3Q GDP on Thursday; and finally MNI Chicago PMI, and PCE Inflation on Friday.

Piper Sandler Municipal Calendar (Week of October 27th, 2025)[c]

Negotiated

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
10/27/2025		Oregon Hsg and Comm Svs Dept Mort Rev 25C	REV	OR	38,595	2026-55
10/28/2025		Roseville Amoruso Ranch CFD 1 Imp Area 2 Spec Tax 25	REV	CA	9,120	2030-55
10/28/2025		Springfield R-XII SD GO Sch Bldg 25	GO	MO	30,000	2027-45
10/29/2025	TAX	Colorado HFA SF Mort 25O (Txbl)	REV	CO	200,480	
10/29/2025	BQ	Burlington CSD GO Sch CLN 25	GO	IA	5,555	2027-30
10/29/2025		College of Western Idaho Annual Approp COP 25	COP	ID	23,740	

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 27th, 2025)[u]

Competitive

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
10/27/2025		Des Moines Area Cmnty College ULTGO 2025	GO	IA	45,590	
10/27/2025	TAX	Des Moines Area No 56 ULTGO Txbl 2025A	GO	IA	2,735	
10/27/2025	BQ	Polk City ULTGO 2025A	GO	IA	5,635	
10/27/2025	BQ	Hartland Village ULTGO 2025A	GO	WI	5,075	
10/27/2025		Eastern Carver ISD 112 ULTGO 2025B	GO	MN	37,775	
10/28/2025		Williamson Cnty ULTGO 2025	GO	TN	32,000	
10/28/2025		Eau Claire ULTGO 2025A	GO	WI	17,930	
10/28/2025	TAX	Eau Claire ULTGO Txbl 2025B	GO	WI	6,830	
10/28/2025		Racine Cnty ULTGO 2025B	GO	WI	23,510	
10/28/2025		Racine Cnty ULTGO 2025C	GO	WI	7,500	
10/28/2025		Palm Beach Cnty Rev 2025	REV	FL	82,745	
10/28/2025	BQ	Great Barrington Twn LTGO 2025	GO	MA	5,560	
10/28/2025		Littleton Twn LTGO 2025	GO	MA	12,050	
10/28/2025		Platteville ULTGO 2025A	GO	WI	8,240	
10/28/2025		Williamson Cnty Dist School ULTGO 2025	GO	TN	31,300	
10/28/2025		Lyon Cnty LTGO 2025	GO	NV	15,000	
10/29/2025		Lees Summit ULTGO 2025A	GO	MO	45,405	
10/30/2025		Farmington ULTGO 2025	GO	CT	22,500	

Municipal Credit Actions

Credit actions within the last week

Credit Upgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-10-20	560415	MAINE-ENDWELL N Y CENT SCH DIST (NY)	S&P rating upgrade from A to A+ RTG
2025-10-20	622634	MT PLEASANT S C WTR & SWR REV (SC)	Moodys rating upgrade from AA1 to AAA RTG
2025-10-22	413928	HARRIS CNTY TEX MUN UTIL DIST NO 86 (TX)	S&P rating upgrade from BBB to BBB+ RTG
2025-10-23	574446	MARYSVILLE MICH PUB SCHS DIST (MI)	Moodys rating upgrade from A2 to A1 RTG
2025-10-23	592247	METROPOLITAN PIER & EXPOSITION AUTH ILL DEDICATED ST TAX REV (IL)	Moodys rating upgrade from BAA2 to BAA1 RTG
2025-10-23	592248	METROPOLITAN PIER & EXPOSITION AUTH ILL DEDICATED ST TAX REV (IL)	Moodys rating upgrade from BAA2 to BAA1 RTG

Credit Downgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-10-20	45202B	ILLINOIS HSG DEV AUTH MULTI FAMILY REV (IL)	S&P rating downgrade from BB to BB- RTG
2025-10-20	55646F	MADERA CNTY CALIF PUB FING AUTH LEASE REV (CA)	S&P rating downgrade from A+ to A- RTG
2025-10-20	55646F	MADERA CNTY CALIF PUB FING AUTH LEASE REV (CA)	S&P rating downgrade from AA- to A ISSR RTG
2025-10-21	034789	ANGLETON TEX (TX)	S&P rating downgrade from AA- to A+ RTG
2025-10-22	083286	BENTON N Y (NY)	S&P rating downgrade from A+ to A- RTG
2025-10-22	740664	PRENTICE WIS SCH DIST (WI)	S&P rating downgrade from A to A- RTG
2025-10-23	802490	SANTA MONICA CALIF WTR ENTERPRISE REV (CA)	S&P rating downgrade from AAA to AA+ RTG

Default[a]

AlertDate	CUSIP6	Issuer	EventDesc
10/22/2025	74442E	PUBLIC FIN AUTH WIS ED REV (WI)	Monetary default / missed interest payment
10/24/2025	64542U	NEW HOPE CULTURAL ED FACS FIN CORP TEX RETIREMENT FAC REV (TX)	Default status / forbearance agreement

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

Disclaimer

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