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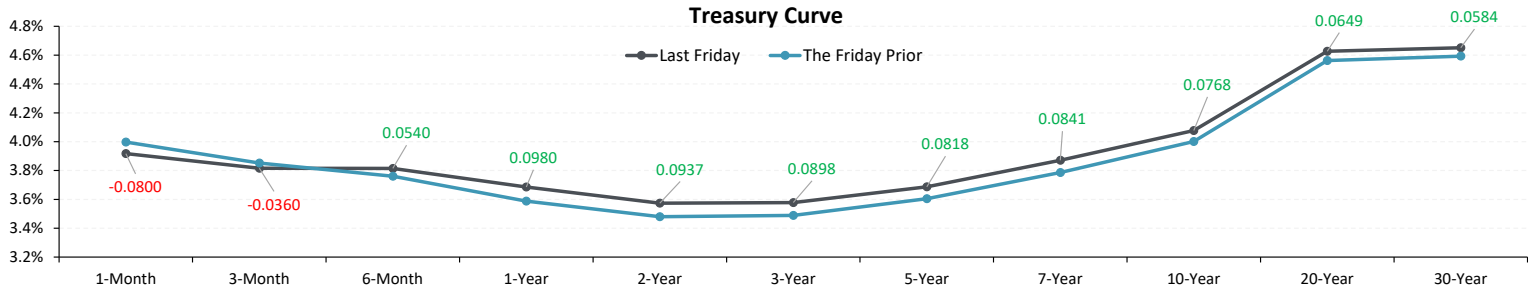
Municipal Market Monitor

Fixed Income | Municipal Fixed Income Research

A weekly look at trends in the municipal bond market
Data through market close 10/31/2025

The Headline

The government shutdown has now exceeded the one-month mark and will break the record for the longest ever shutdown if it continues into Wednesday. The record previously set in 2018-19 when the government ceased operations for 35 days. While the federal government idles, the Federal Reserve has remained active. Most recently, the Fed opted for another 25 basis point rate cut and, significantly, signaled the end of quantitative tightening effective December 1st. The central bank is choosing to halt the shrinking of its balance sheet at a critical juncture – but is it too late? Short-term rates have gradually drifted upward as market liquidity has begun to diminish. SOFR remains elevated above the fed funds rate, a potential sign of unease in overnight lending. Furthermore, two dissents in the October rate decision have cast uncertainty over the December meeting, leaving no clear indication of the Board of Governors' next steps. Treasuries ended the week with the yield on the 1-year up 9.8 basis points to close at 3.686%, the 10-year Treasury up 7.68 basis points to close at 4.077%, and the 30-year increased by 5.84 basis points to close at 4.6512%.



Municipal Performance

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

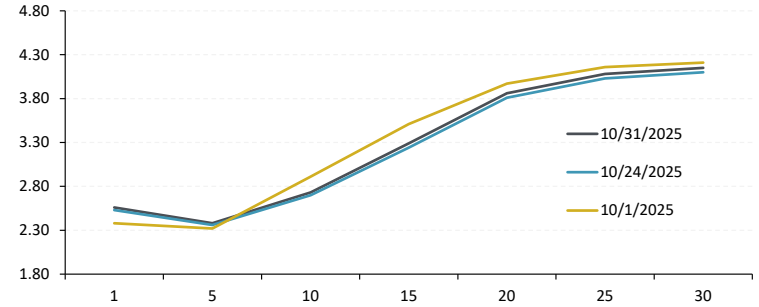
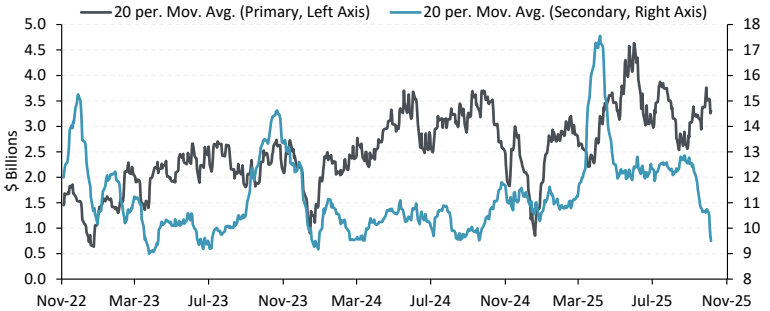


Figure 2: Primary vs. Secondary Market Trading Activity [o]



- Municipal bonds, like Treasuries, had a week of softer performance. Data from the AAA benchmark curve indicated that the yield on the 1-year increased by 3 bps to 2.56%, the 10-year increased by 3 bps to 2.73%, and the 30-year rose by 5 bps to 4.15%. In a reversal of recent trends, the curve saw a modest steepening last week. The 1/30 spread steepened by 2 bps to 159 bps, the far-end 7/20 spread increased by 2 bps to 136 bps, and the near-end 1/7 spread held steady at -6 bps (Figure 1).
- Secondary market activity experienced a continued downturn, although a portion of the decrease last week can be attributed to the typical quieting of the market before an FOMC decision. The preliminary volume report stands at approximately $36.7 billion, a marginal decrease from the preceding week's preliminary figure of $38.8 billion. The 20-day moving average for secondary market volume has consequently reached its lowest level since the autumn of the previous year. While primary market activity has also receded, it maintains an elevated position relative to the past several years (Figure 2).

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

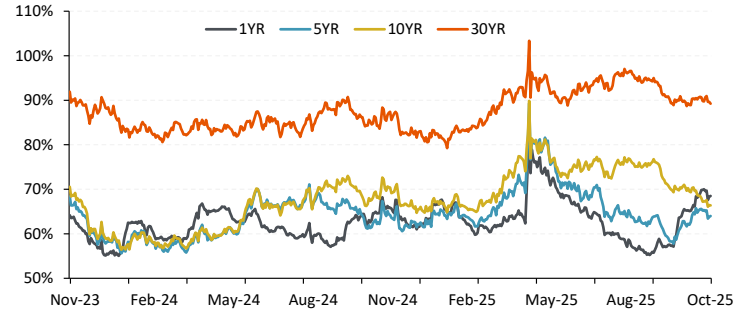
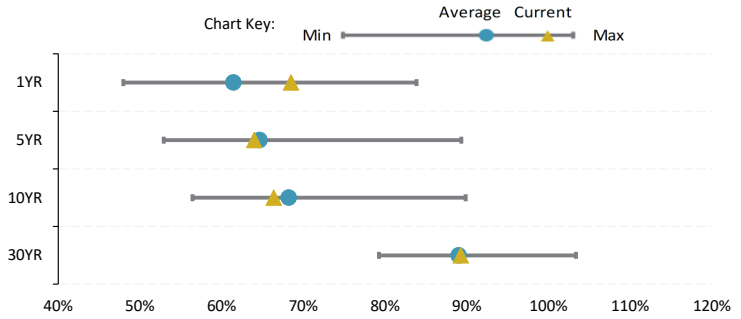


Figure 4: AAA Muni as % of Treasuries - Three Year History [a]



- Despite a week of softer performance, municipal bonds outperformed Treasuries to close October. The 1-year M/T ratio (5% municipal coupon) fell by 1.50 percentage points (ppt) to 68.49%, the 5-year decreased by 1.36 ppt to 63.98%, the 10-year fell by 0.89 ppt to 66.36%, and the 30-year ratio fell by 0.49 ppt to 89.25%. Relative to their respective ratios from the last three years, value continues to be concentrated in the short end of the curve, as indicated by the 1-year ratio in this analysis. Maturities along the rest of the curve appear to be almost at their average levels (Figure 4).

Source: ICE (a), MSRB (o)

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Municipal Market Flows & Supply

Figure 5: 30-Day Visible Supply [c]

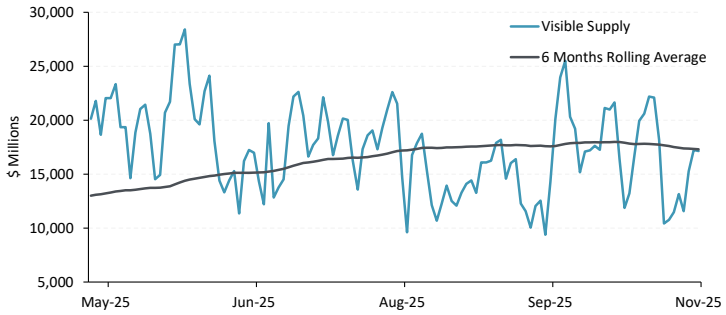
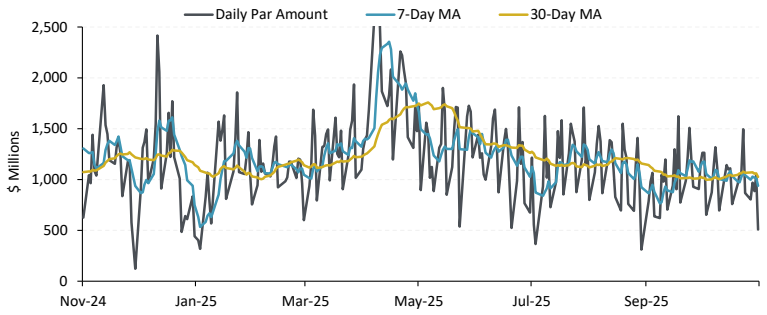


Figure 6: Bids Wanted Par Amount - One Year History [e]



- The 30-day visible supply jumped last week, now at about $17.1 billion, a solid increase from the previous week's $11.5 billion (Figure 5).
- Bids wanted were down around $360 million from the previous Friday. The 30-trading day average fell $42 million, and the 7-day average fell almost $103 million. This unanimous drop comes on the precipice of the holiday season and could be pointing to more modest activity in the coming months (Figure 6).

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

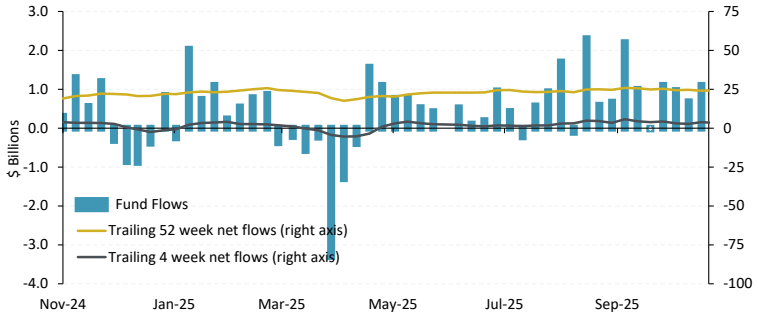
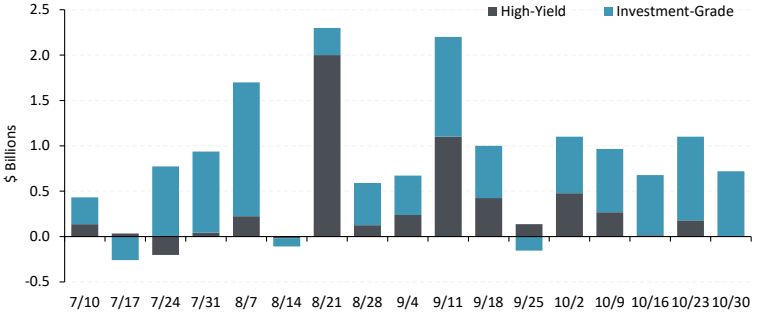


Figure 8: Weekly Municipal Fund Flows - HY vs IG [i]



- Municipal mutual funds had yet another week of strong inflows, this time posting gains of about $720 million, as reported by LSEG Lipper (Figure 7).
- Investment-grade flows soaked up nearly the whole of new inflows, investors offering little attention to high-yield funds. Specifically, investment-grade funds garnered around $718 million in inflows, whereas high-yield funds saw just $2 million of inflows (Figure 8).
- Investors continued to add duration, with long-duration funds driving the majority of inflows, followed by intermediate-term funds. Specifically, long-term funds recorded approximately $567 million in inflows, intermediate-term funds accumulated $177 million, and short-term funds experienced outflows of about $24 million (Figure 9).

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

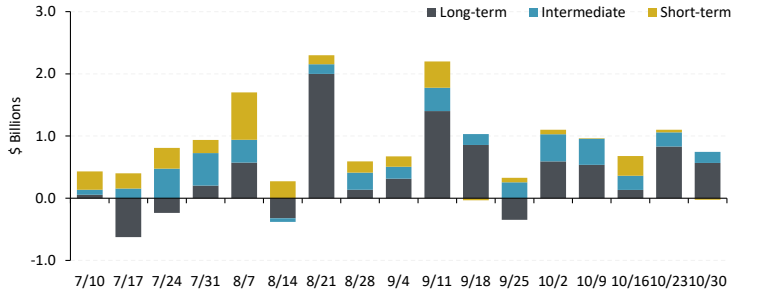
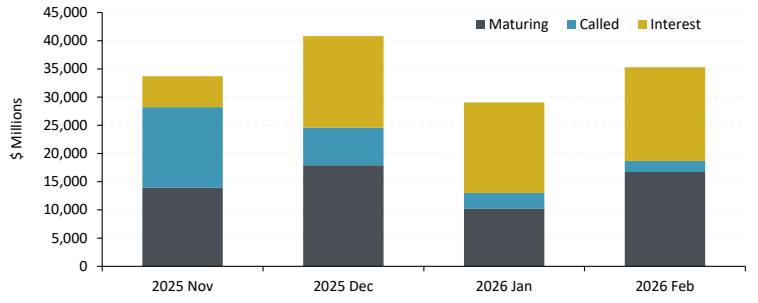
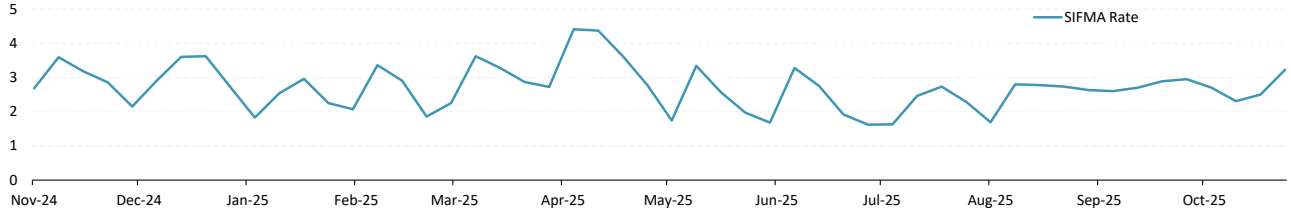


Figure 10: Monthly Bond Maturities and Redemptions [e]



- Investors are set to receive approximately $33.7 billion in November from maturing securities, calls, and interest payments. While this figure represents a modest decrease from the prior month, it is expected to be sufficient to sustain recent reinvestment demand. Looking ahead, December is forecast to see an increase, with over $40 billion expected to be returned to investors as the year concludes (Figure 10).
- The municipal money market rose markedly last week; the SIFMA seven day index quoted up 72 bps to 3.22% at the October 29th 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

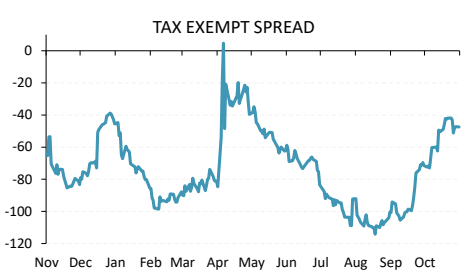
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Relative Value Analysis

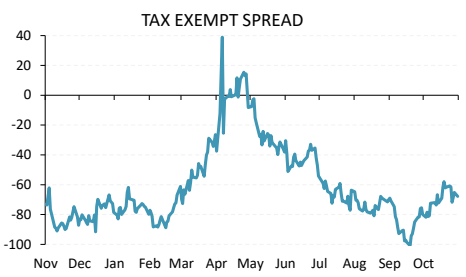
1-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	12.7	-47.5
1 yr average	14.1	-73.5
1yr max	26.2	4.7
1yr min	4.7	-114.2
Z score	**-0.3**	**1.1**



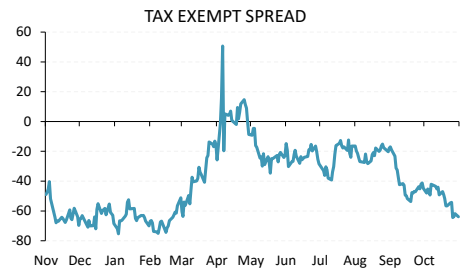
5-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	22.1	-67.8
1 yr average	26.9	-60.6
1yr max	45.6	38.9
1yr min	14.0	-100.9
Z score	**-0.8**	**-0.3**



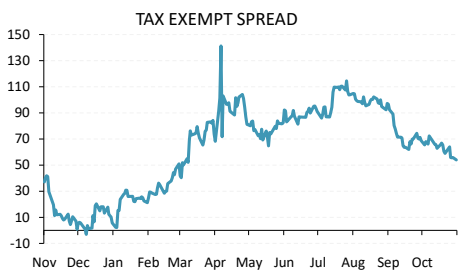
10-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	31.3	-63.9
1 yr average	36.9	-38.9
1yr max	55.2	50.6
1yr min	25.5	-75.3
Z score	**-0.8**	**-1.1**



30-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	84.2	53.9
1 yr average	80.2	62.8
1yr max	97.9	141.3
1yr min	62.7	-3.1
Z score	**0.5**	**-0.3**



- 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 corroborates the MMD analysis. Figure 4 shows the 1-year MMD-to-Treasury ratio approximately 1.4 standard deviations above its mean, indicating relative value in that maturity. This aligns with the 1.3 z-score observed for the 1-year BVAL AAA Muni Index, collectively underscoring the compelling value proposition at 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)
11/3/2025	SOUTHEAST ENERGY AUTH-E	Rev	AL	2,650
11/3/2025	SULLIVAN CO RESORT FACS	Rev	NY	561
11/5/2025	WASHINGTON ST-R-2026A	GO	WA	548
11/3/2025	AUSTIN ELEC UTIL SYS-REF	Rev	TX	425
11/3/2025	NATIONAL FIN-CLASS A-1	Rev	NH	307

- Municipal bond issuance will bounce back this week, with about $11 billion in new bonds coming to the market. Of the deals, 22 transactions will exceed the $100 million threshold, collectively accounting for around 69% of the total issuance volume. Taxable issuance will represent just 2.4% of the overall volume. One deal dominates the rest this week: an issuance from the Southeast Energy Authority of Alabama. The tax-exempt energy supply revenue bonds have a principal of $2.65 billion. Piper Sandler will have a busy week, acting as the sole manager on more than $315 million of negotiated issuance.

- The government shutdown continues to impact the economic calendar, leaving some key reports delayed by two months. The calendar for the remainder of the week is as follows: the ISM Manufacturing Index and Construction Spending are due today; Trade Balance, JOLTS Job Openings, and Factory Orders are scheduled for tomorrow; MBA Mortgage Applications, ISM Services Index, and ADP Employment Change on Wednesday; Initial Jobless Claims and Challenger Job Cuts on Thursday; and finally, though considered unlikely, the Unemployment Rate, Nonfarm Payrolls, and the University of Michigan Consumer Sentiment are slated for release on Friday.

Piper Sandler Municipal Calendar (Week of November 3rd, 2025)[u]

Negotiated

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
11/3/2025	BQ	Reeds Spring SD R-IV GO Rfdg 16 25	GO	MO	7,475	
11/4/2025		Iowa Fin Auth SF Mort 25G Non-AMT (Social)	REV	IA	48,000	
11/4/2025	TAX	Iowa Fin Auth SF Mort 25H Txbl	REV	IA	25,965	
11/4/2025		Liberty 53 SD GO Rfdg (16 18) 25	GO	MO	63,000	2027-36
11/4/2025		Southeast Comm College Area Tax Supp COP 25	COP	NE	46,000	2026-55
11/4/2025		Central Lincoln Pub Util Dist Elec Sys Rev Ref 25	REV	OR	48,575	2026-55
11/4/2025		Snohomish SD 201 UTGO Ref 25	GO	WA	48,835	2026-30
11/5/2025		Howard-Winneshiek CSD Sch Inf Sls Srvs Use Tax Rev Ref 25	REV	IA	15,000	2031-50
11/5/2025		Oak Grove R-VI SD GO Rfdg 25	GO	MO	5,480	2027-30
11/6/2025		Lincoln CFD No 2019-1 (Independence at Lincoln) Spec Tax 25	REV	CA	10,000	
11/6/2025	BQ	Hollister R-V SD GO Rfdg (18) 25	GO	MO	1,240	
11/6/2025	BQ	Hickman GO Swr 25	GO	NE	4,120	
11/6/2025	BQ	Cameron Cnty SD GO 25	GO	PA	5,765	
11/6/2025		Wheeling Comb Wtrwks Swr Sys Imp Rev TE 25B	REV	WV	60,915	2027-56

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

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Piper Sandler Municipal Calendar (Week of November 3rd, 2025)[u]

Competitive

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
11/3/2025		West Des Moines ULTGO 2025C	GO	IA	27,935	2028-39
11/3/2025	TAX	West Des Moines ULTGO Txbl 2025D	GO	IA	1,045	2026-27
11/3/2025		West Des Moines ULTGO 2025E	GO	IA	13,470	2027-33
11/3/2025	TAX	West Des Moines ULTGO Txbl 2025F	GO	IA	9,665	2026-30
11/4/2025		Bowie ULTGO 2025A	GO	MD	9,230	2026-45
11/4/2025	TAX	Bowie ULTGO Txbl 2025B	GO	MD	23,330	2026-55
11/4/2025	BQ	Greenbrier ULTGO 2025	GO	TN	5,075	2027-41
11/4/2025		Marysville Exempted Village Sch Dt ULTGO Rfdg 2025	GO	OH	20,625	2026-29
11/5/2025	BQ	Shawnee ULTGO 2025A	GO	KS	9,500	2026-35
11/5/2025		Aurora Revs 2025	REV	CO	80,485	2027-55

Municipal Credit Actions

Credit actions within the last week

Credit Upgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-10-27	556037	MACOUPIN-MADISON CNTYS ILL SCH DIST NO 6 (IL)	Moodys rating upgrade from A2 to A1 RTG
2025-10-28	45385L	INDEPENDENT CITIES CALIF FIN AUTH MOBILE HOME PK REV (CA)	S&P rating upgrade from A- to A+ RTG
2025-10-28	953429	WEST ISLIP N Y UN FREE SCH DIST (NY)	Moodys rating upgrade from AA2 to AA1 ISSR RTG
2025-10-28	953429	WEST ISLIP N Y UN FREE SCH DIST (NY)	Moodys rating upgrade from AA2 to AA1 RTG

Credit Downgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-10-27	54467W	LOS ANGELES CNTY CALIF DEV AUTH MULTIFAMILY HSG REV (CA)	Moodys rating downgrade from AAA to AA1 RTG
2025-10-28	247271	DELRAY BEACH FLA (FL)	S&P rating downgrade from AAA to AA+ RTG
2025-10-28	511278	LAKE WASH MINN SAN DIST (MN)	S&P rating downgrade from A to A- RTG

Default[a]

AlertDate	CUSIP6	Issuer	EventDesc
10/28/2025	64542Q	NEW HOPE CULTURAL ED FACS FIN CORP TEX ED REV (TX)	Technical default / violation of covenants
10/29/2025	741530	PRICHARD ALA WTRWKS & SWR BRD WTR & SWR REV (AL)	Monetary default / missed interest payment
10/29/2025	741530	PRICHARD ALA WTRWKS & SWR BRD WTR & SWR REV (AL)	Monetary default / missed principal or redemption payment
10/29/2025	906352	UNION CNTY N J IMPT AUTH SOLID WASTE DISP REV (NJ)	Monetary default / missed interest payment
10/29/2025	906352	UNION CNTY N J IMPT AUTH SOLID WASTE DISP REV (NJ)	Monetary default / missed principal or redemption payment

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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