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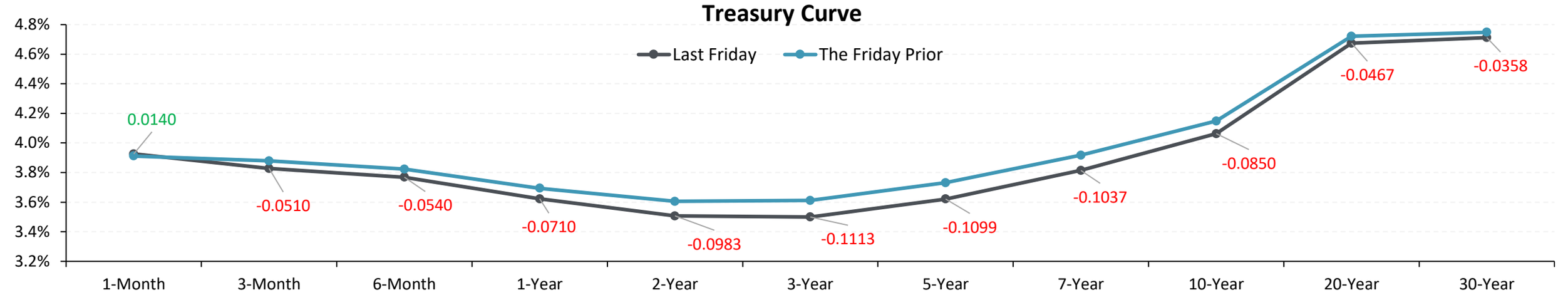
Municipal Market Monitor

Fixed Income | Municipal Fixed Income Research

A weekly look at trends in the municipal bond market
Data through market close 11/21/2025

The Headline

The initial post-shutdown economic data presented a mixed picture. While payrolls delivered a positive surprise, the unemployment rate unexpectedly rose. Similarly, initial jobless claims trended downward, yet continuing claims surged to their highest level since 2021, indicating divergent signals for economic recovery. Against this backdrop, the municipal market is anticipated to be quiet this week leading into the Thanksgiving holiday, which will effectively curtail market activity for two additional days. Looking ahead, the probability of a December rate cut is currently estimated at approximately 72% by Bloomberg and 79% by the CME Group. Despite these elevated odds, vocal Federal Reserve hawks suggest the decision remains a subject of considerable debate. Treasuries ended the week with the yield on the 1-year down 7.1 basis points to close at 3.623%, the 10-year Treasury down 8.5 basis points to close at 4.0633%, and the 30-year decreased by 3.58 basis points to close at 4.712%.



Municipal Performance

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

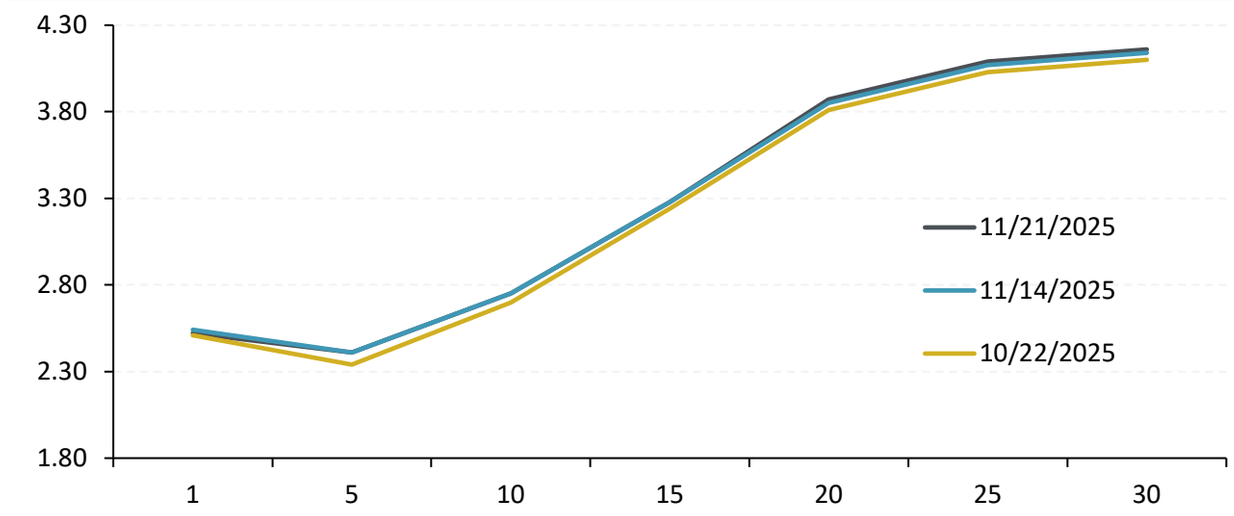
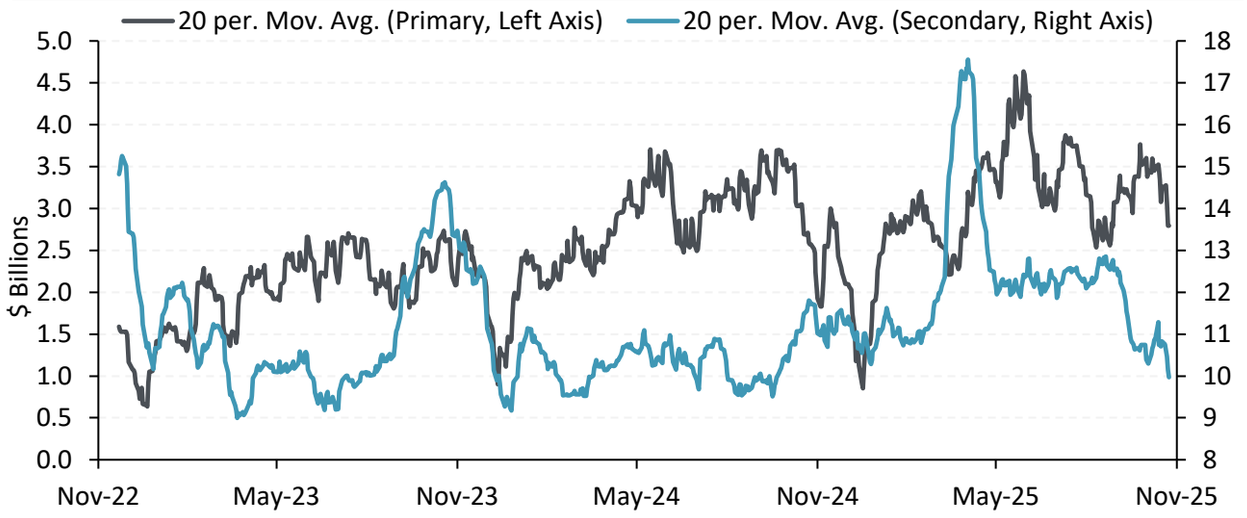


Figure 2: Primary vs. Secondary Market Trading Activity [o]



- Municipal bonds once again held fairly steady last week. Data from the AAA benchmark curve indicated that the yield on the 1-year maturity fell 2 basis points (bps) to 2.52%, the 10-year remained flat at 2.75%, and the 30-year rose 2 bps to 4.16%. The modest movements at both ends of the curve resulted in a slight steepening. Specifically, the 1/30-year spread steepened to 164 bps, the far-end 7/20-year spread rose 2 bps to 133 bps, and the near-end 1/7-year spread increased by 2 bps, ending at 2 bps (Figure 1).
- Secondary market activity rose last week, recovering from a holiday slump with a flurry of activity before Thanksgiving. The preliminary volume report stands at approximately $40 billion, an increase from the preceding week's preliminary figure of $30 billion. This figure is expected to fall again this week. The 20-day moving average for both primary and secondary market activity continued its decline, unaffected by the momentary improvement in trading activity (Figure 2).

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

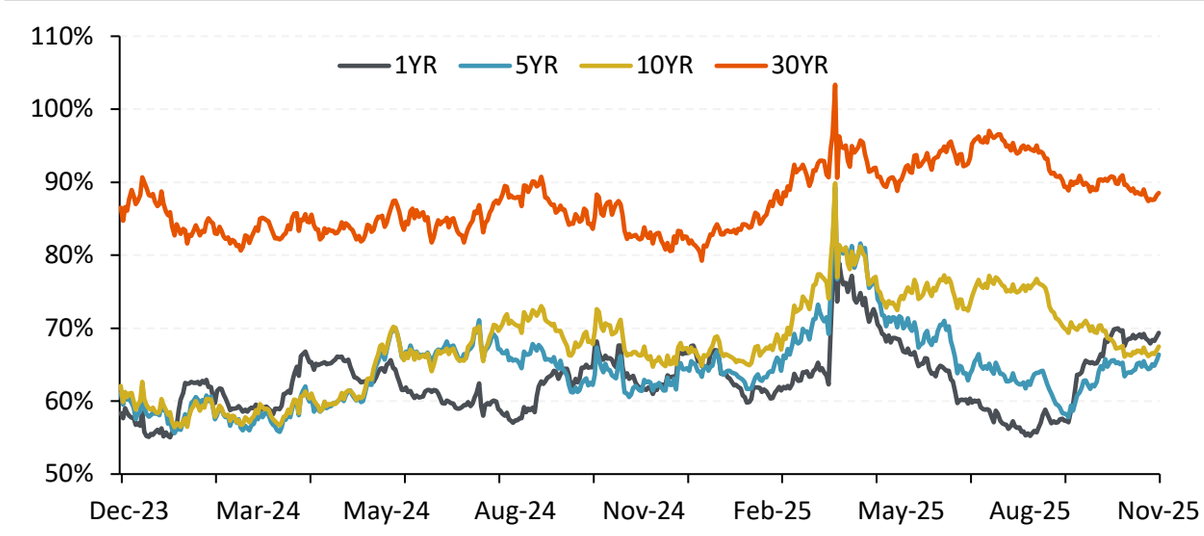
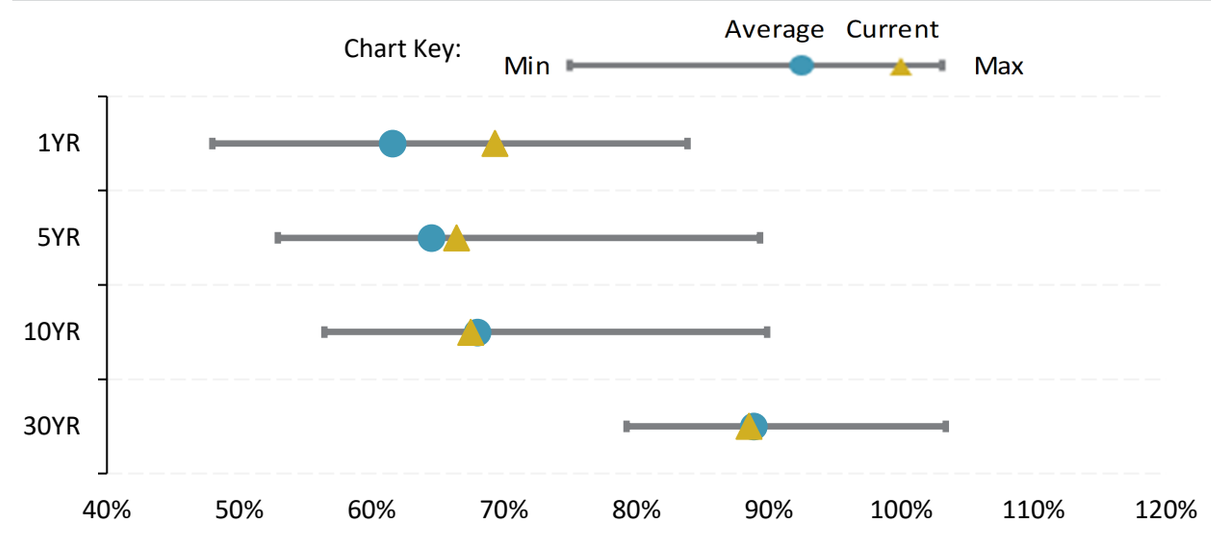


Figure 4: AAA Muni as % of Treasuries - Three Year History [a]



- Municipal bonds lagged Treasuries across the curve last week. The 1-year municipal-to-Treasury (M/T) ratio (5% municipal coupon) rose by 1.03 percentage points (ppt) to 69.33%. Similarly, the 5-year ratio increased by 2.04 ppt to 66.39%, the 10-year was up by 1.31 ppt to 67.47%, and the 30-year ratio rose by 1.08 ppt to 88.49%. Relative to their three-year averages, the front end of the curve, primarily the 1-year, continues to demonstrate value. The 5-year ratio is again signaling some relative value, while the 10- and 30-year ratios persistently indicate richness (Figure 4).

Source: ICE (a), MSRB (o)

AUTHORS

Noah Lesher
Associate
P: +1 312 515-5291

Ella Li, CFA
Associate
P: +1 312 267-5055

Wei Min Li, CMT
Managing Director
P: +1 312 267-5166

Al Cappelli
Managing Director
P: +1 704 342-7811

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Municipal Market Flows & Supply

Figure 5: 30-Day Visible Supply [c]

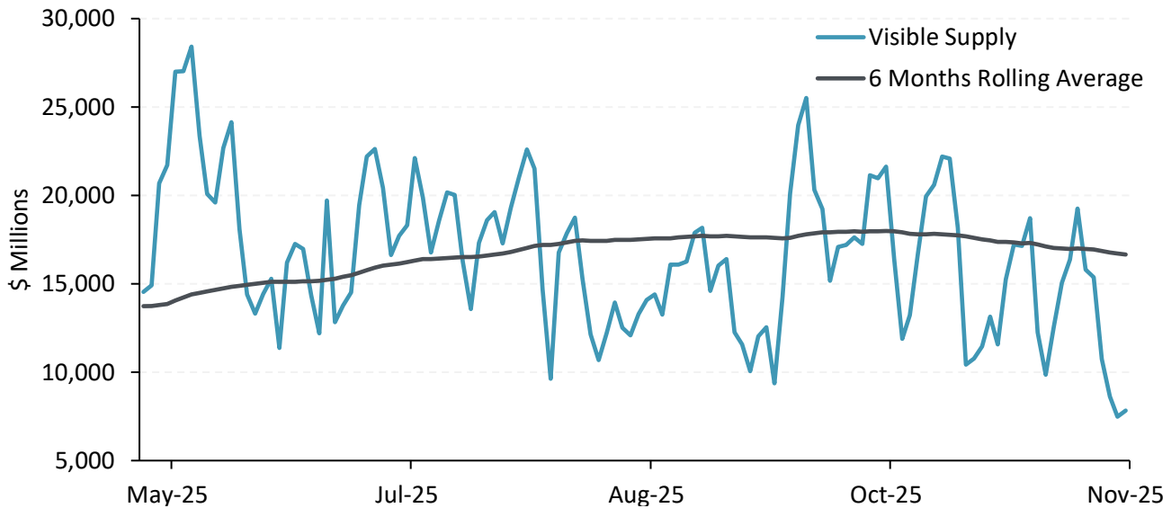
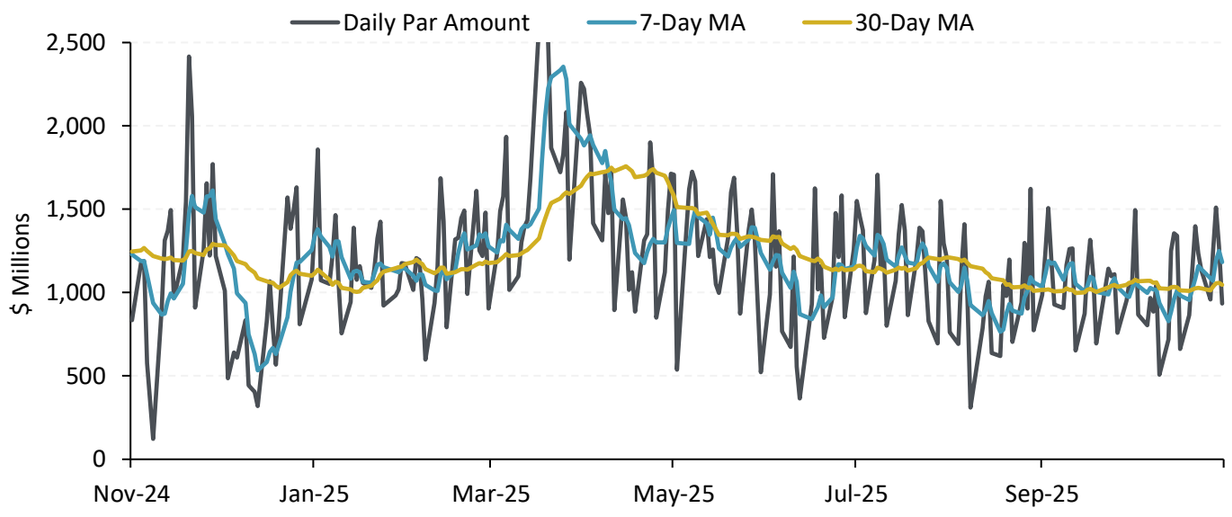


Figure 6: Bids Wanted Par Amount - One Year History [e]



- The 30-day visible supply fell sharply to approximately $7.8 billion, down from the previous week's $15.8 billion, primarily due to the holiday interruptions (Figure 5).
- Bids wanted were down approximately $200 million from the previous Friday. However, the 30-trading day average rose by about $23 million, and the 7-day average increased by approximately $42 million. Despite the numerous holiday closures affecting activity, the trading days between are proving productive and boosting the averages (Figure 6).

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

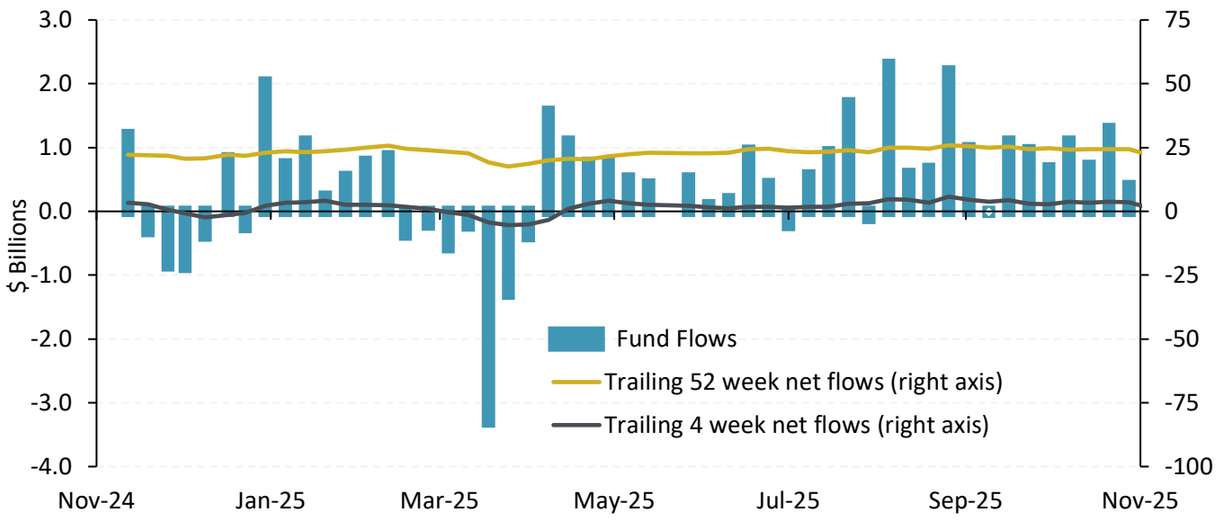
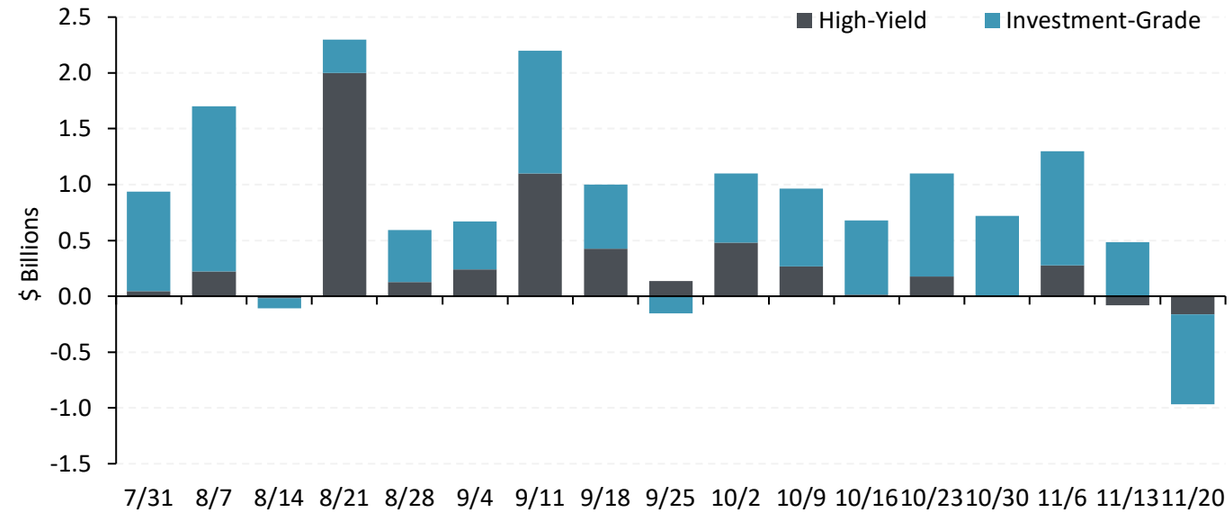


Figure 8: Weekly Municipal Fund Flows - HY vs IG [i]



- Last week, municipal mutual funds posted the largest outflow since April, losing $966 million, as reported by LSEG Lipper (Figure 7).
- Investment-grade and high-yield funds experienced outflows; however, the majority of these outflows were concentrated in high-grade funds. Specifically, investment-grade funds lost approximately $804 million, while high-yield funds saw outflows of about $162 million (Figure 8).
- Last week, investors appeared to shorten their portfolios, as evidenced by capital outflows from long- and medium-term funds, while short-term funds experienced inflows. Specifically, intermediate-term funds lost $939 million, and long-term funds saw outflows of $190 million, contrasting with approximately $163 million in inflows for short-term funds (Figure 9).

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

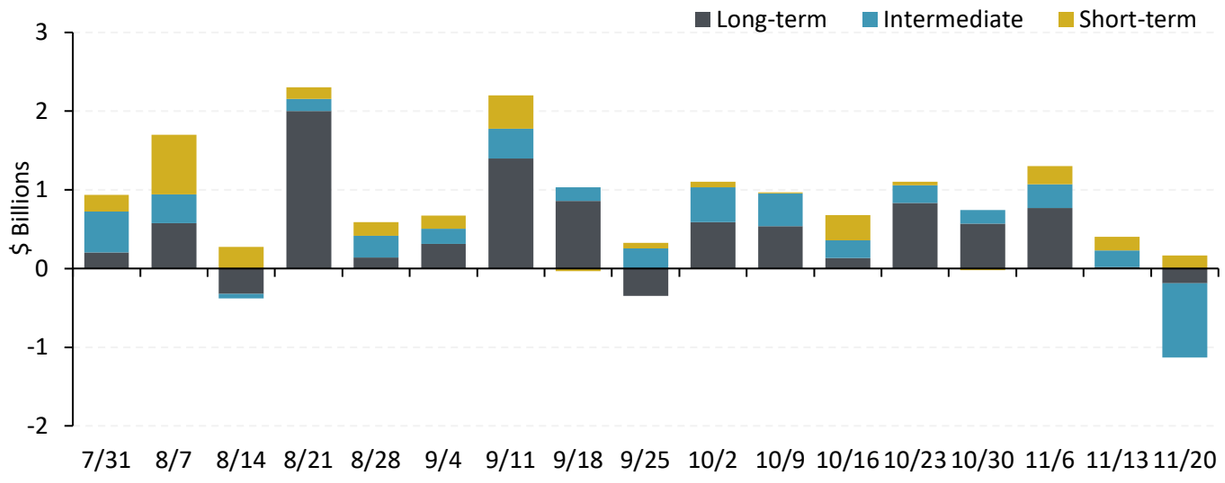
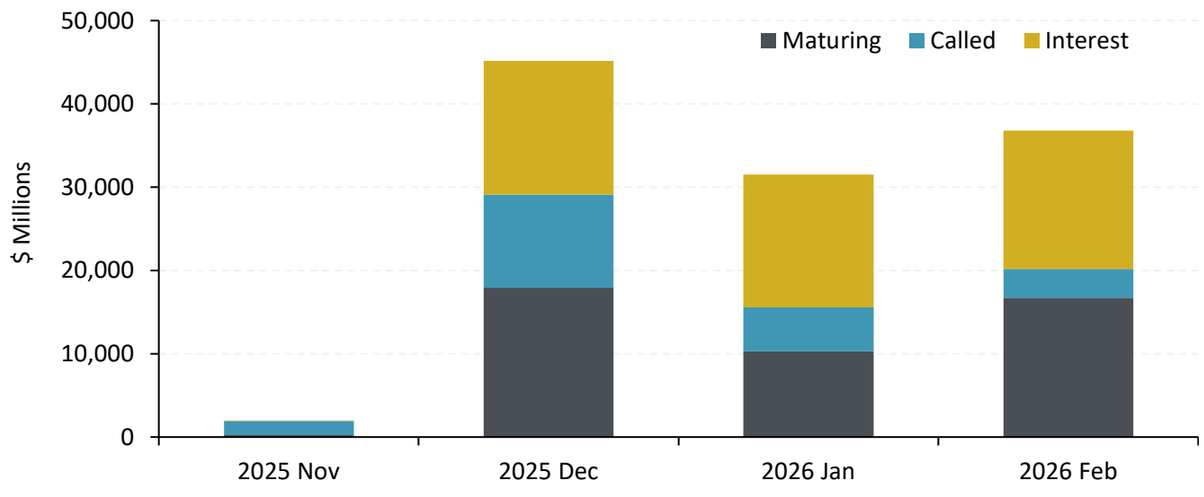
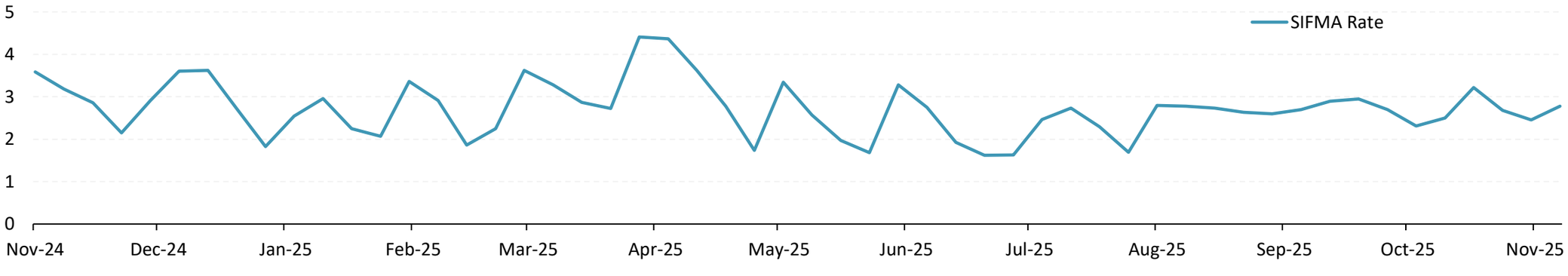


Figure 10: Monthly Bond Maturities and Redemptions [e]



- During the final, slower week of November, approximately $2 billion in capital was repatriated to investors through maturing securities, callable instruments, and coupon payments. An additional $45 billion is projected to be returned to investors in December. Given the typically slower issuance activity during winter months, coupled with ample reinvestment capital, rates may experience a modest downward trend as the year concludes (Figure 10).
- The municipal money market rose last week; the SIFMA seven day index quoted up 33 bps to 2.78% at the November 19th 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

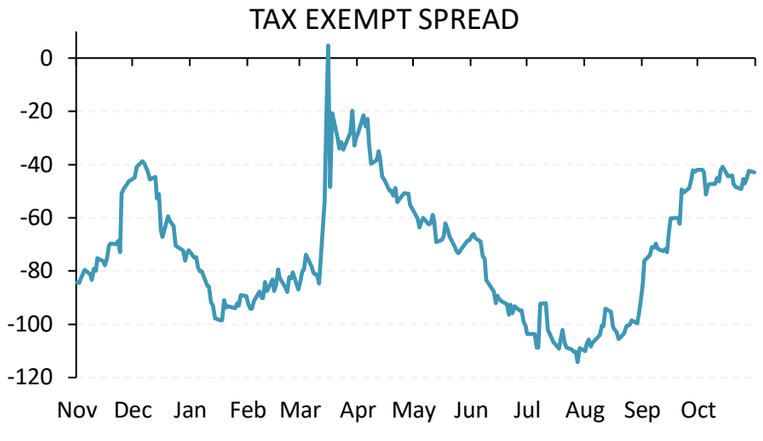
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Relative Value Analysis

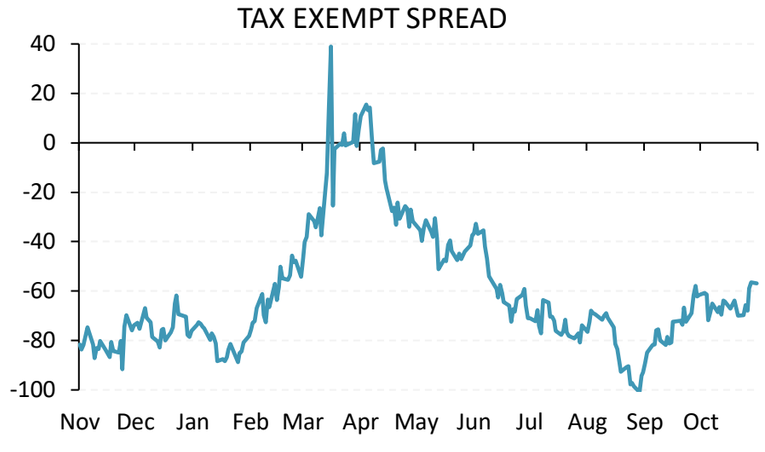
1-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	13.7	-42.9
1 yr average	13.9	-72.1
1yr max	26.2	4.7
1yr min	4.7	-114.2
Z score	**-0.1**	**1.2**



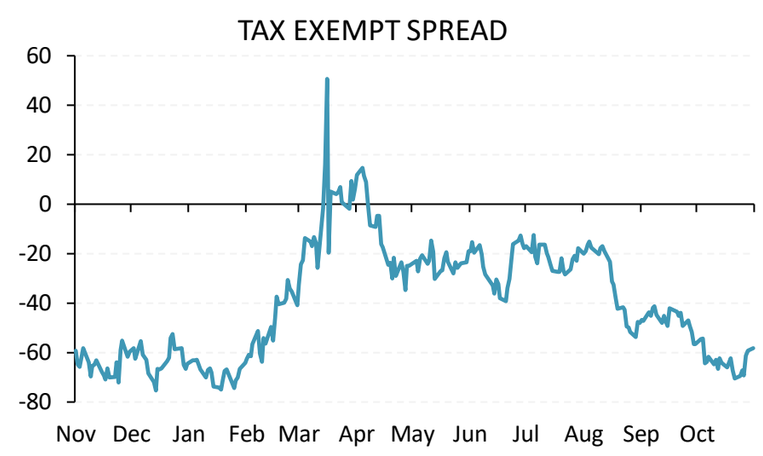
5-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	21.0	-56.9
1 yr average	26.5	-59.7
1yr max	45.6	38.9
1yr min	14.0	-100.9
Z score	**-0.9**	**0.1**



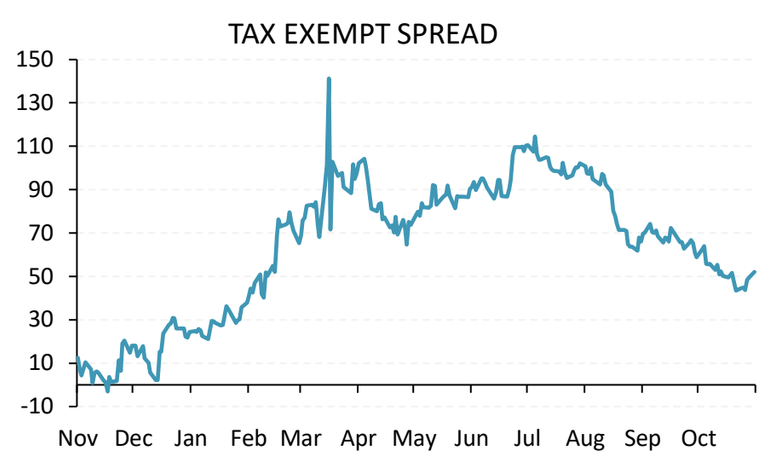
10-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	27.6	-58.2
1 yr average	36.2	-39.3
1yr max	55.2	50.6
1yr min	25.5	-75.3
Z score	**-1.2**	**-0.8**



30-Year Spreads (bp)

BVAL AAA Muni Indicies[i]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	83.8	52.1
1 yr average	80.0	64.3
1yr max	97.9	141.3
1yr min	62.7	-3.1
Z score	**0.5**	**-0.4**



- 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.
- The data from this curve aligns with the MMD analysis, signaling that the greatest relative value lies within the 1-year maturity. This curve also displays improved value in the 5-year range, consistent with the MMD curve shown in Figure 4. 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)
11/24/2025	PA HSG FIN AGY-A	Rev	PA	254
11/24/2025	NY ST MTGE AGY-273	Rev	NY	108
11/24/2025	KELLER ISD-REF-A	GO	TX	99
11/24/2025	LOS ANGELES HSG AUTH-A	Rev	CA	79
11/24/2025	JERSEY CITY REDEV-A	Rev	NJ	60

- Unsurprisingly, this week is projected to be slow for issuance, with only $1.76 billion of new bonds expected to hit the market over the Thanksgiving week. Of these deals, only two are greater than $100 million, representing 20% of the overall flow for the week. Taxable issuance will be especially quiet, with just $87 million coming to market. While Piper Sandler is acting as the sole manager on a smaller Bond Anticipation Note (BAN) deal this week, business will be fairly quiet, as is typical for most firms during this period.

- Economic news is not quite back in full-swing yet. Data are being released slowly from the backlog many agencies have built up, so it is somewhat day-to-day as to what news will be released. Despite this, the scheduled releases of the week are: Chicago Fed National Activity Index and the Dallas Fed Manufacturing Activity Index today; Philadelphia Fed Non-manufacturing Activity, Conference Board Consumer Confidence, and Retail Sales Advance tomorrow; and MBA Mortgage Applications, Durable Goods Orders, and Initial Jobless Claims on Wednesday to end the week early before Thanksgiving and the half-day on Friday.

Piper Sandler Municipal Calendar (Week of November 24th, 2025)[u]

Negotiated

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity

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 24th, 2025)[u]

Competitive

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
11/24/2025		FARMINGTON ISD#192-A	GO	MN	40	2028-31
11/24/2025	BQ	BROOKLYN CENTER-A-REV	REV	MN	4,015	
11/24/2025	BQ	MINNETONKA-B	GO	MN	2,470	2028-39

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity

Municipal Credit Actions

Credit actions within the last week

Credit Upgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-11-17	340395	FLORESVILLE TEX (TX)	S&P rating upgrade from A- to A RTG
2025-11-19	748250	QUEENSBURY N Y (NY)	Moodys rating upgrade from AA2 to AA1 RTG
2025-11-20	13080S	CALIFORNIA STATEWIDE CMNTYS DEV AUTH REV (CA)	S&P rating upgrade from BB to BB+ RTG
2025-11-20	158249	CHAMPAIGN CNTY ILL CMNTY UNIT SCH DIST NO 004 (IL)	Moodys rating upgrade from AA2 to AA1 RTG

Credit Downgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-11-18	260093	DOVER & EYOTA MINN INDPT SCH DIST NO 533 (MN)	S&P rating downgrade from A+ to A RTG

Default[a]

AlertDate	CUSIP6	Issuer	EventDesc
11/18/2025	64542U	NEW HOPE CULTURAL ED FACS FIN CORP TEX RETIREMENT FAC REV (TX)	Default status / in bankruptcy proceedings
11/18/2025	72177M	PIMA CNTY ARIZ INDL DEV AUTH ED REV (AZ)	Technical default / violation of covenants
11/19/2025	91886P	VALAGUA MET DIST COLO (CO)	Monetary default / missed interest payment
11/20/2025	041807	ARLINGTON TEX HIGHER ED FIN CORP ED REV (TX)	Monetary default / missed interest payment
11/20/2025	594714	MICHIGAN STRATEGIC FD LTD OBLIG LEASE REV (MI)	Monetary default / missed principal or redemption payment
11/21/2025	04052B	ARIZONA INDL DEV AUTH ED REV (AZ)	Default status / forbearance agreement
11/21/2025	72177M	PIMA CNTY ARIZ INDL DEV AUTH ED REV (AZ)	Default status / forbearance agreement
11/21/2025	72177P	PIMA CNTY ARIZ INDL DEV AUTH EDL FAC REV (AZ)	Default status / forbearance agreement
11/21/2025	91886P	VALAGUA MET DIST COLO (CO)	Monetary default / missed principal or redemption payment

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

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