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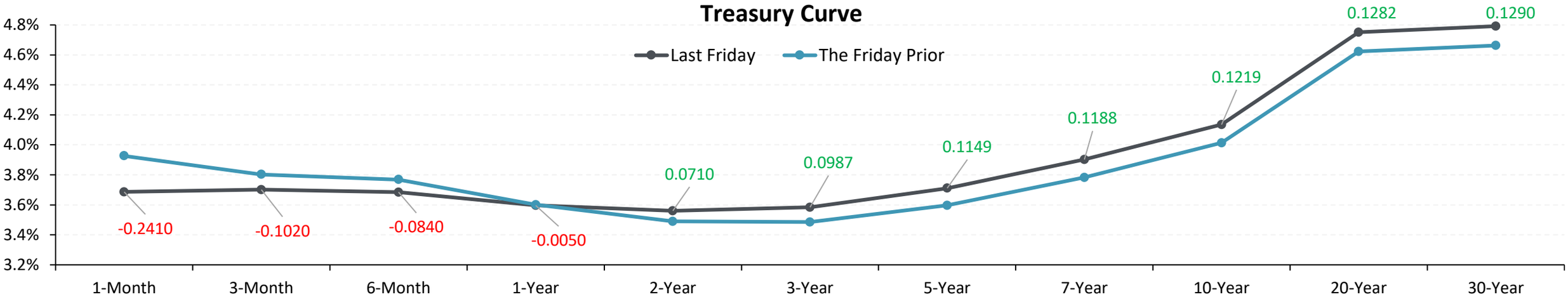
Municipal Market Monitor

Fixed Income | Municipal Fixed Income Research

A weekly look at trends in the municipal bond market
Data through market close 12/05/2025

The Headline

Following a week of mixed data, the market's attention has shifted entirely to the Federal Reserve's meeting this week. Consensus is currently pricing in an additional 25 basis point rate cut to close out the year. However, despite these expectations for monetary easing, the bond market signaled a different sentiment last week. Yields on maturities beyond one year notably rose, mirroring the upward behavioral pattern seen in sovereign yields globally. This divergence between the anticipated rate cut and rising longer-term yields sets a complex stage for the Fed's upcoming announcement and may indicate that a pause in cuts could start the new year. Treasury yields steepened through the week: the 1-year yield declined by 0.5 bps, closing at 3.596%; the 10-year yield rose by 12.19 bps, closing at 4.1351%; and the 30-year yield increased by 12.9 bps, closing at 4.7918%.



Municipal Performance

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

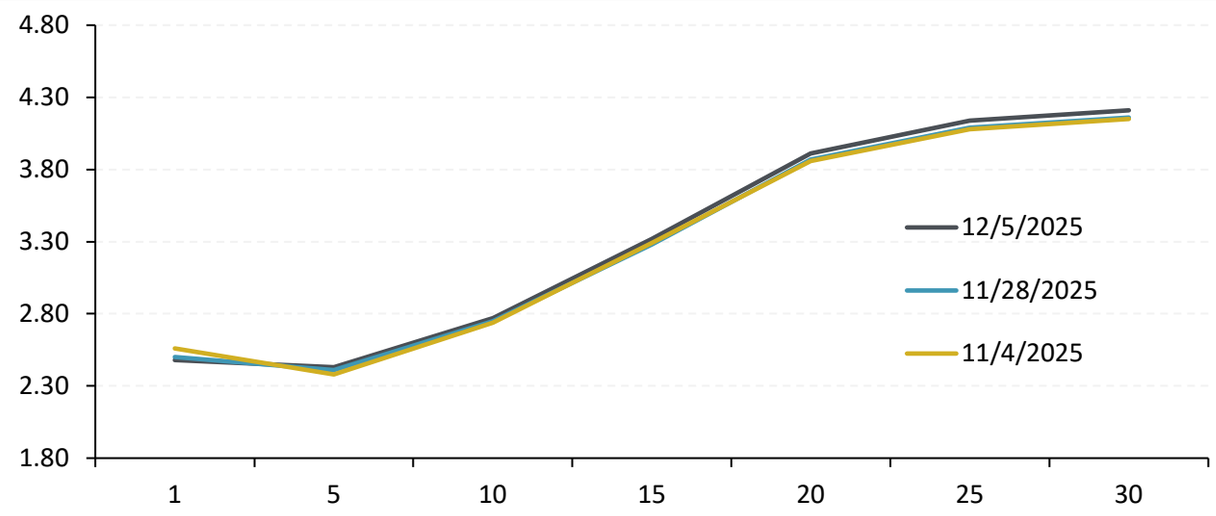
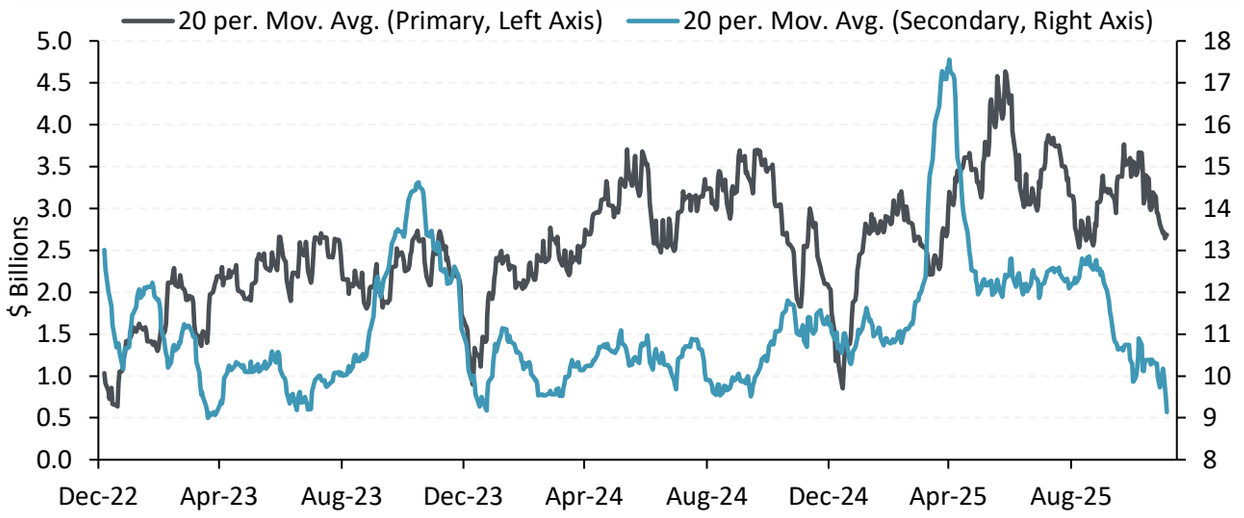


Figure 2: Primary vs. Secondary Market Trading Activity [o]



- Similar to Treasuries, yields on municipal bonds fell in the front end and rose further out the curve. Data from the AAA benchmark curve indicated that the yield on the 1-year fell 2 basis points (bps) to 2.48%, the 10-year rose 2 bps to 2.77%, and the 30-year rose 5 bps to 4.21%. The steepening was seen on both halves of the curve but was again led by the front end. Specifically, the 1/30 spread rose 7 bps to 173 bps, the 7/20 spread was up 2 bps to 135 bps, and the 1/7 spread increased 4 bps to 8 bps (Figure 1).
- Secondary market activity continues to make a recovery from holiday week lows. The preliminary volume report stands at approximately $43.3 billion, a sizeable jump from the preceding week's preliminary figure of $22 billion. Even with the weekly recovery, the 20-trading day average continued to fall, with the 20-day average for secondary activity near the lowest point since 2023. Primary market activity seems to have halted its fall last week, if only momentarily (Figure 2).

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

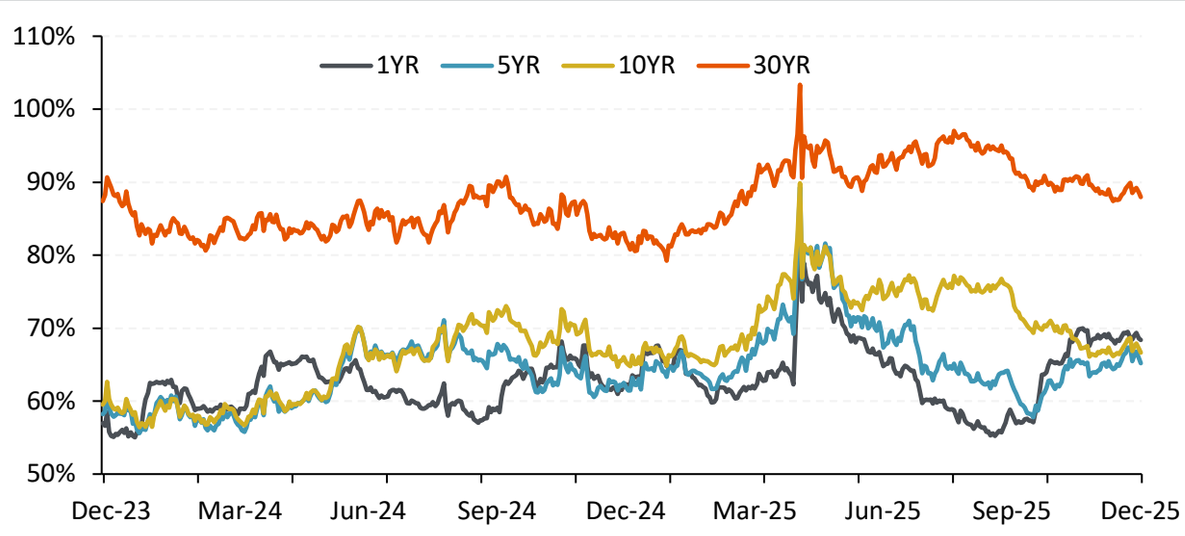
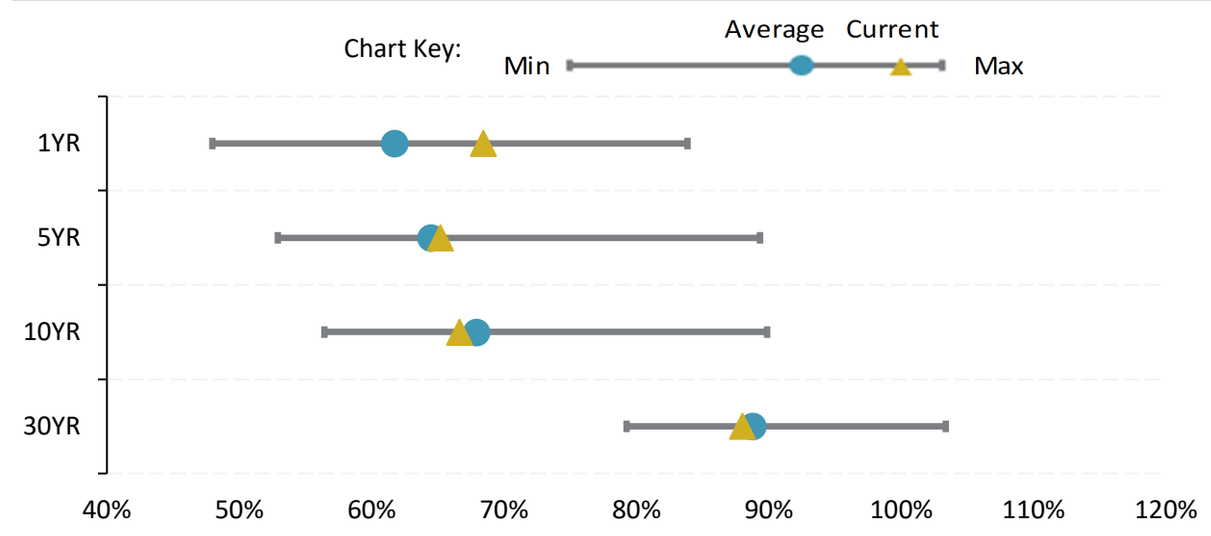


Figure 4: AAA Muni as % of Treasuries - Three Year History [a]



- Municipal bonds outperformed Treasuries across the curve last week. Specifically, the 1-year Municipal-to-Treasury (M/T) ratio (assuming a 5% municipal coupon) decreased by 0.27 percentage points to 68.41%. Further out, the 5-year ratio fell 2.12 points to 65.20%, the 10-year dropped 2.05 points to 66.63%, and the 30-year declined 1.92 points to 88.00%. When compared to three-year historical averages, all maturities currently exhibit a degree of relative value. This value proposition is currently most pronounced at the front end of the yield curve (Figure 4).

Source: ICE (a), MSRB (o)

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Municipal Market Flows & Supply

Figure 5: 30-Day Visible Supply [c]

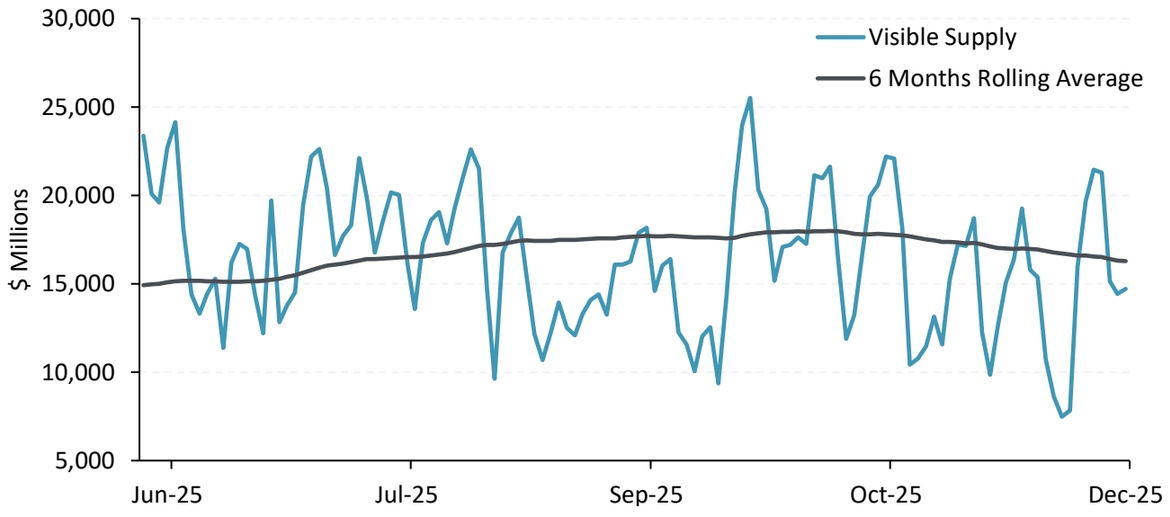
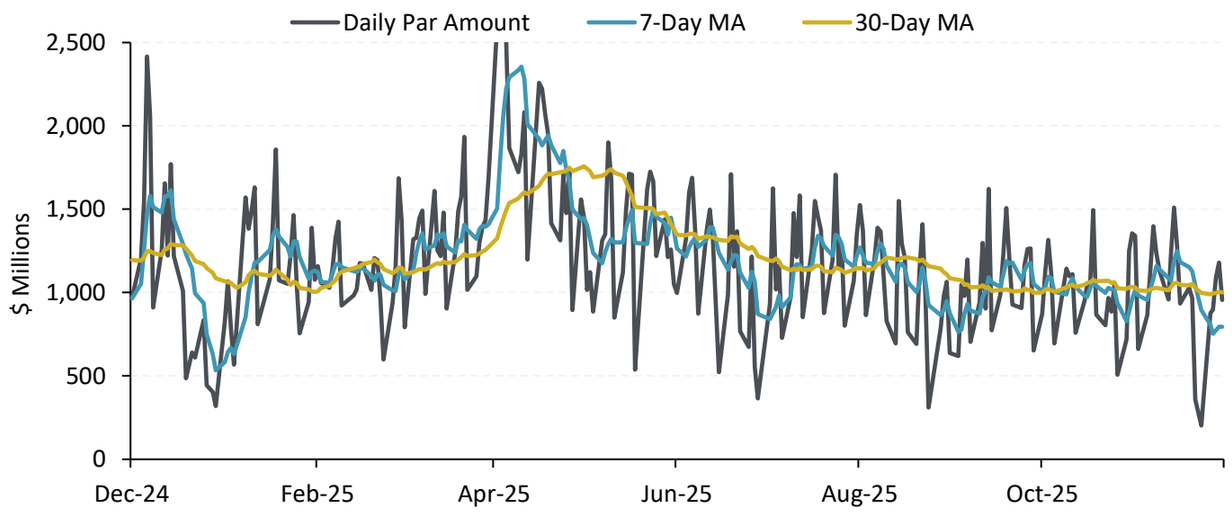


Figure 6: Bids Wanted Par Amount - One Year History [e]



- The 30-day visible supply decreased, now at about $14.7 billion, down from the previous week's $19.6 billion (Figure 5).
- Bids wanted rose by approximately $750 million from the previous Friday, indicating a bounce-back of secondary supply from the Thanksgiving lull. The 30-trading-day average rose slightly, but the 7-day average fell another $100 million. The short-term trend crossover may be indicative of slowing activity heading into year-end (Figure 6).

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

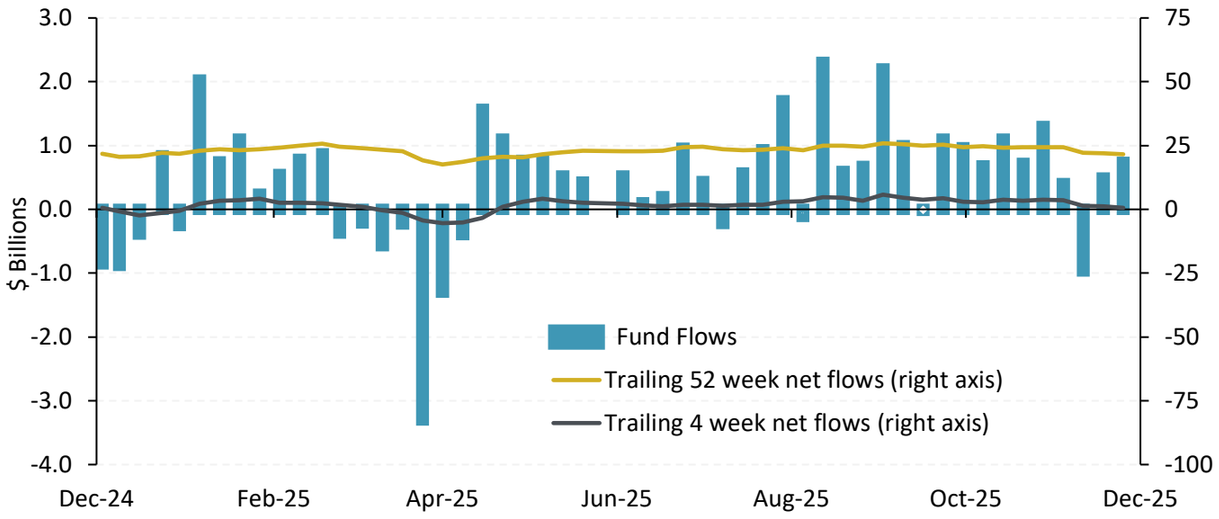
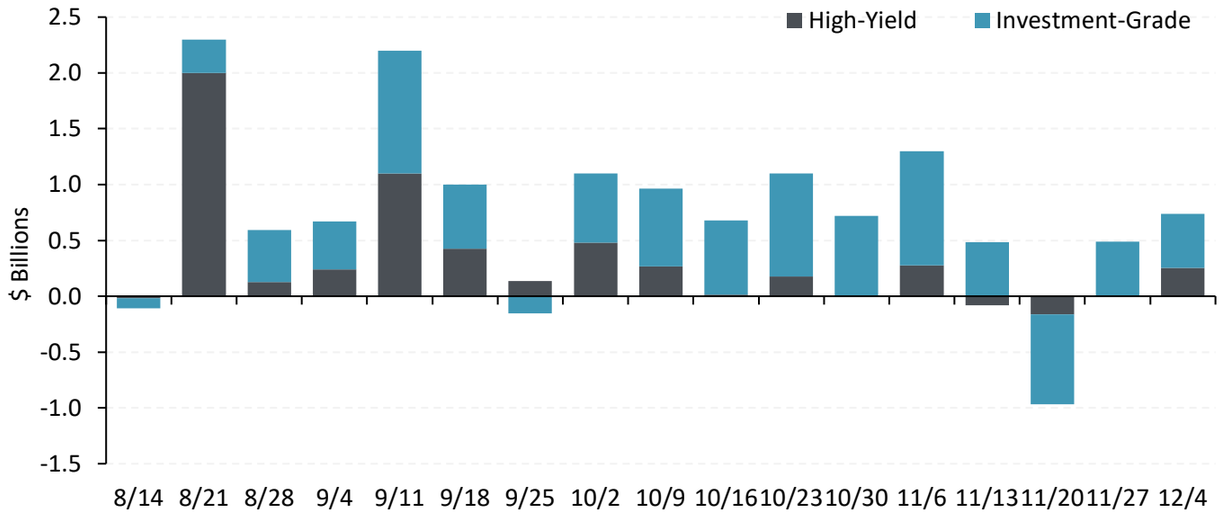


Figure 8: Weekly Municipal Fund Flows - HY vs IG [i]



- LSEG Lipper is back and reporting municipal bond mutual fund inflows of approximately $736 million last week (Figure 7).
- Both investment-grade and high-yield funds experienced inflows, although high-grade funds saw about double the flows. Specifically, investment-grade funds gained approximately $483 million, while high-yield funds saw inflows of about $253 million (Figure 8).
- Fund flows were split relatively evenly by duration, with long-term funds seeing the most capital. Specifically, intermediate-term funds gained $133 million, long-term funds saw inflows of $320 million, and short-term funds saw approximately $283 million (Figure 9).

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

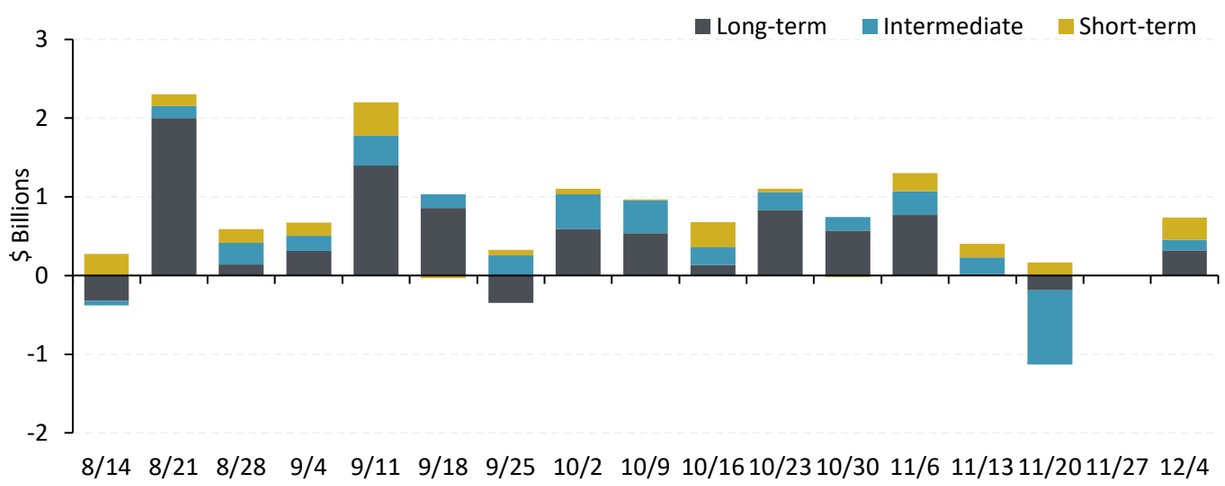
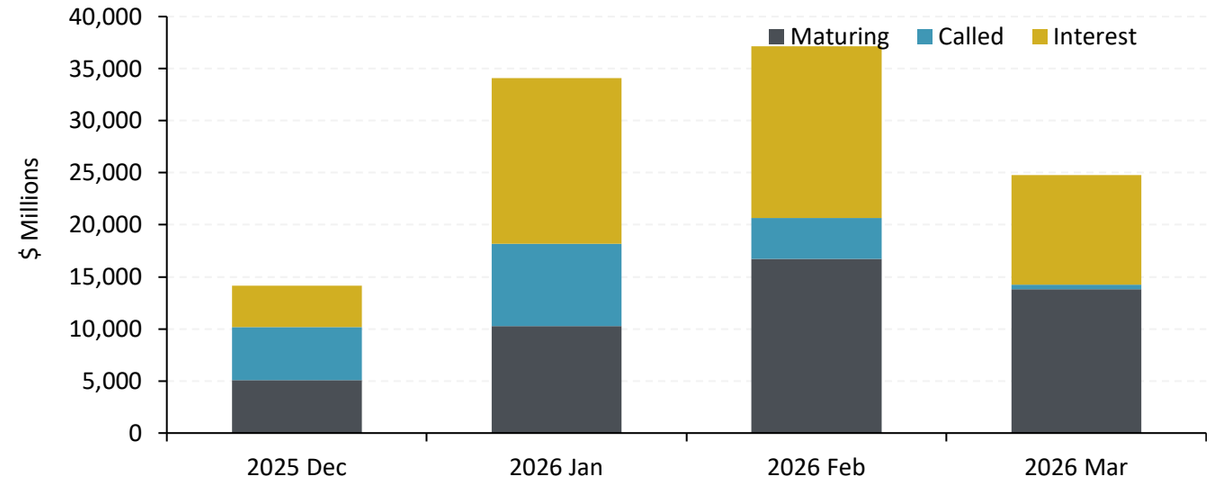
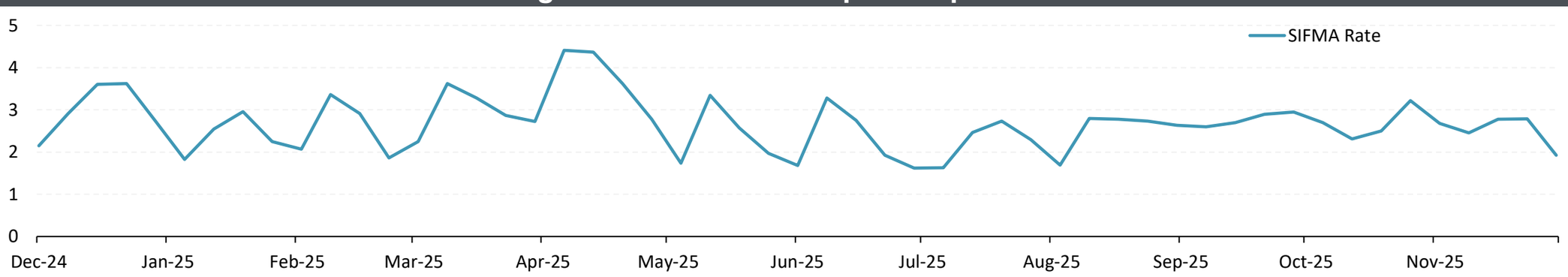


Figure 10: Monthly Bond Maturities and Redemptions [e]



- Of the nearly $45 billion estimated at the start of the month, there is still $14 billion of capital yet to be returned to investors from maturing securities, callable instruments, and coupon payments. Despite relatively higher reinvestment capital being returned in December, January will be slower with just $34 billion set to come back to investors (Figure 10).
- The municipal money market fell last week; the SIFMA seven day index quoted down 87 bps to 1.92% at the December 3rd 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

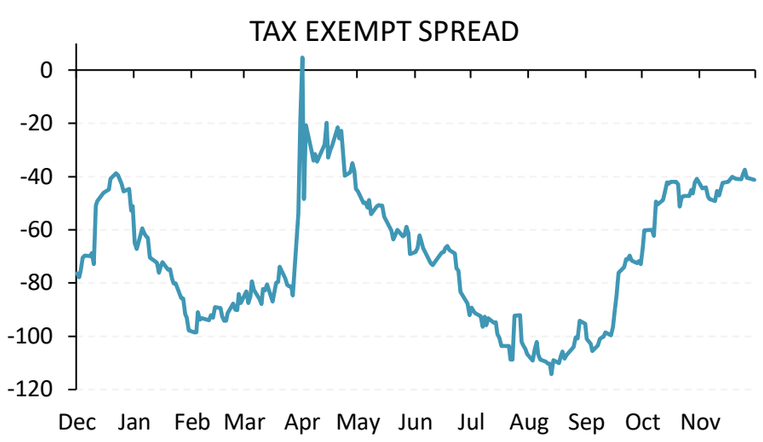
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Relative Value Analysis

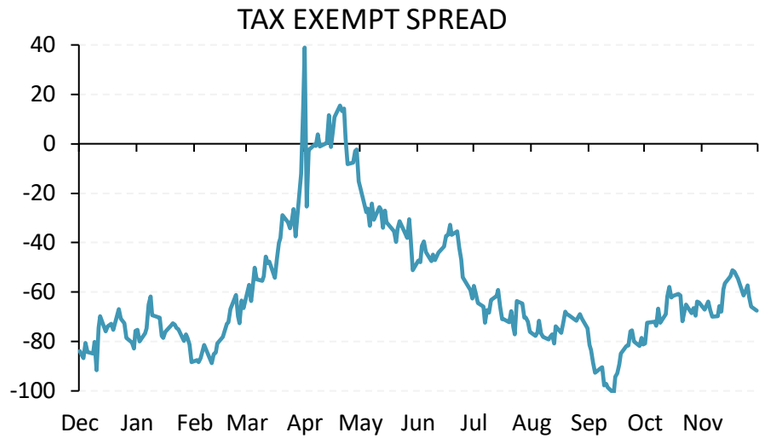
1-Year Spreads (bp)

BVAL AAA Muni Indicies[s]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	14.5	-41.2
1 yr average	13.9	-70.5
1yr max	26.2	4.7
1yr min	4.7	-114.2
Z score	**0.2**	**1.2**



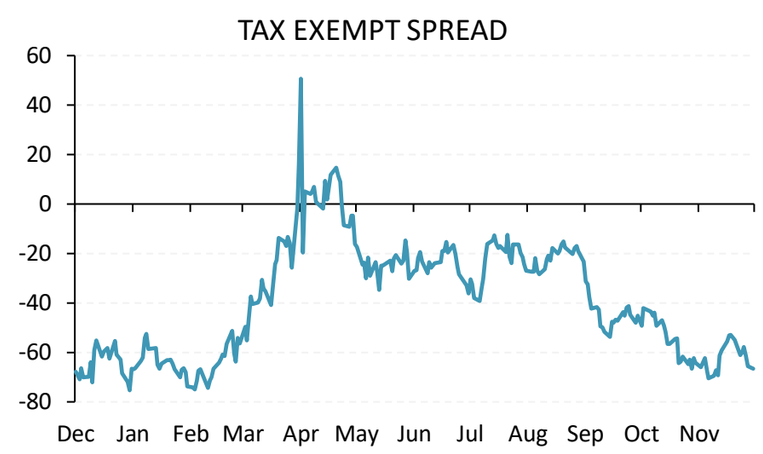
5-Year Spreads (bp)

BVAL AAA Muni Indicies[s]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	19.2	-67.5
1 yr average	26.4	-58.8
1yr max	45.6	38.9
1yr min	14.0	-100.9
Z score	**-1.2**	**-0.3**



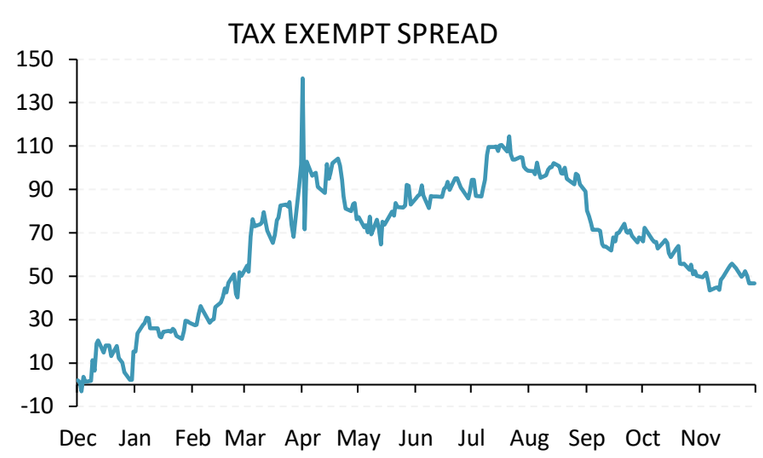
10-Year Spreads (bp)

BVAL AAA Muni Indicies[s]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	24.7	-66.6
1 yr average	35.9	-39.1
1yr max	55.2	50.6
1yr min	24.7	-75.3
Z score	**-1.6**	**-1.2**



30-Year Spreads (bp)

BVAL AAA Muni Indicies[s]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	81.7	46.8
1 yr average	80.4	65.9
1yr max	97.9	141.3
1yr min	62.7	-3.1
Z score	**0.2**	**-0.6**



- MMD data in Figures 3 and 4 on the first page of this report suggest that relative value is primarily concentrated in the front of the curve. 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, indicating that the greatest relative value resides in the 1-year maturity. Indeed, short-term yields continue to show a value opportunity despite the modest multi-week rally they have seen. 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)
12/8/2025	UNIV OF CA REGENTS -CD	Rev	CA	2,000
12/8/2025	ALABAMA HWY AUTH	Rev	AL	730
12/8/2025	CHICAGO-D-REF-REV	Rev	IL	530
12/8/2025	CHICAGO-C-REF-REV	Rev	IL	473
12/10/2025	SUFFOLK CO-TANS	GO	NY	390

- This week will host roughly $10.7 billion of municipal new issuance. Of the announced deals, 19 come in at $100 million or more, representing about 65% of the total volume. Taxable deals will represent roughly 5.4% of the overall issuance, which amounts to $576 million of bonds. Piper Sandler will have another busy week, acting as the sole manager on more than $731 million of issuance. Inclusive of deals where we are senior or co-manager, our total issuance amounts to over $2.83 billion.

- The news of the week is slated to be slower, with the most important piece coming on Wednesday with the FOMC. While delayed data can be released at any time, the economic schedule is as follows: NFIB Small Business Optimism and JOLTS Job Openings tomorrow, MBA Mortgage Applications and the FOMC Rate Decision on Wednesday, and Initial Jobless Claims accompanied by Trade Balance figures on Thursday.

Piper Sandler Municipal Calendar (Week of December 8th, 2025)[u]

Negotiated

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
12/8/2025	BQ	Sherwood Cass R-VIII GO Sch Rfdg 25A	GO	MO	1,000	2027-28
12/9/2025		Placentia-Yorba Linda USD GO Ref 25	GO	CA	24,000	2026-30
12/9/2025		Regents Univ of California 25 CD	REV	CA	2,000,000	
12/9/2025		Aurora Crossroads MD No 2 LTGO 25A-3	GO	CO	52,135	2026-55
12/9/2025		Aurora Crossroads MD No 2 LTGO CA Ref 25A-1	GO	CO	50,287	2026-55
12/9/2025		Aurora Crossroads MD No 2 LTGO CA Ref 25A-2	GO	CO	1,823	2026-55
12/9/2025		Sch Dist No 3 (Widefield SD) El Paso Cnty GO 25B	GO	CO	77,390	2026-55
12/9/2025		Beeville Combination Tax Rev Certs of Oblig 26	GO	TX	33,800	2027-56
12/10/2025		Tuloso-Midway ISD Ultd Tax Sch Bldg 25A	GO	TX	34,625	

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
12/10/2025		Virgin Islands Hotel Dev Fin Corp Sr Lien Rev 25A-1 (Frenchman's Reef)	REV	VI	272,490	2030-55
12/10/2025	TAX	Virgin Islands Hotel Dev Fin Corp Sr Lien Rev 25A-2 (Frenchman's Reef)	REV	VI	12,000	
12/10/2025	TAX	Virgin Islands Hotel Dev Fin Corp Sub Lien Rev 25B (Frenchman's Reef)	REV	VI	164,400	
12/11/2025		Colorado HFA MF Proj 25J-1	REV	CO	6,600	2029-65
12/11/2025		Colorado HFA MF Proj 25J-2	REV	CO	14,180	
12/11/2025		Legacy Comm Auth Ltd Tax Rev 25A	REV	CO	49,670	2026-55
12/11/2025		Legacy Comm Auth Sub Ltd Tax Rev 25B	REV	CO	6,795	2026-55
12/11/2025		HRA St. Paul Charter Lse Sch Rev Ref 25 (Nova Classical)	REV	MN	19,570	2055-65
12/11/2025		Floresville Combination Tax Rev Certs of Oblig 26	GO	TX	10,000	

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

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Competitive

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
12/8/2025		Stevens Point ULTGO 2025A	GO	WI	18,245	2026-35
12/8/2025	TAX	Pleasant Prairie Vlg ULTGO Txbl 2025C	GO	WI	2,650	
12/8/2025		Johnson Cnty USD 229 ULTGO 2025A	GO	KS	101,250	2027-45
12/8/2025		Johnson Cnty USD 229 ULTGO Rfdg 2025B	GO	KS	39,745	2026-35
12/8/2025	BQ	Floodwood ISD 698 ULTGO 2025A	GO	MN	7,400	2027-46
12/8/2025		Oklahoma Cnty ISD 89 ULTGO 2026A	GO	OK	36,000	2028-30
12/8/2025	TAX	Oklahoma Cnty ISD 89 ULTGO Txbl 2026B	GO	OK	10,845	2028-30
12/9/2025		Melbourne Rfdg Revs 2026A	GO	FL	25,535	2026-37
12/9/2025		Prairie Village ULTGO 2025A	GO	KS	26,545	2028-55
12/9/2025	BQ	Brainerd ISD 181 ULTGO Rfdg 2025A	GO	MN	6,190	2027-28
12/9/2025	BQ	Madisonville ULTGO 2025	GO	KY	8,000	2026-46
12/9/2025		Tarrytowns UFSD ULTGO 2025	GO	NY	34,340	2027-46
12/9/2025		Minneapolis Spl Sch Dt 1 ULTGO 2025A	GO	MN	45,025	2027-46
12/9/2025		Minneapolis Spl Sch Dt 1 ULTGO 2025B	GO	MN	39,225	2027-46
12/9/2025	BQ	Fargo PSD 1 ULTGO 2025	GO	ND	9,930	2026-45
12/9/2025		Minneapolis Spl Sch Dt 1 ULTGO Rfdg 2025C	GO	MN	26,445	2027-31
12/10/2025		Wilson Cnty ULTGO Rfdg 2026	GO	TN	37,655	2027-36
12/10/2025		Wilson Cnty ULTGO Sch Rfdg 2026	GO	TN	48,375	2027-36
12/11/2025	BQ	Gorham Twn ULTGO 2025	GO	ME	6,969	2027-46

Municipal Credit Actions

Credit actions within the last week

Credit Upgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-12-03	30749L	FARGO N D PUB SCH DIST NO 1 (ND)	Moodys rating upgrade from AA3 to AA2 RTG
2025-12-04	197702	COLUMBIA HEIGHTS MINN INDPT SCH DIST NO 013 (MN)	Moodys rating upgrade from A2 to A1 RTG

Credit Downgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-12-01	506232	LAFAYETTE CNTY MO SCH DIST C-1 HIGGINSVILLE (MO)	S&P rating downgrade from A+ to A RTG
2025-12-02	509541	LAKE CRYSTAL WELLCOME MEM AREASCHS MINN INDPT SCH DIST NO 2071 (MN)	S&P rating downgrade from AA to AA- RTG
2025-12-03	35242E	FRANKFORT VLG N Y (NY)	S&P rating downgrade from A to BBB+ RTG
2025-12-03	762196	RHODE IS HEALTH & EDL BLDG CORP PUB SCHS REV (RI)	S&P rating downgrade from AA to AA- RTG
2025-12-03	762244	RHODE IS ST HEALTH & EDL BLDG CORP REV (RI)	S&P rating downgrade from AA to AA- RTG
2025-12-03	762243	RHODE ISLAND ST HEALTH & EDL BLDG CORP (RI)	S&P rating downgrade from AA to AA- ISSR RTG
2025-12-03	762243	RHODE ISLAND ST HEALTH & EDL BLDG CORP (RI)	S&P rating downgrade from AA to AA- RTG
2025-12-03	936665	WARWICK R I (RI)	S&P rating downgrade from AA to AA- RTG
2025-12-04	528691	LEWISTON VLG N Y (NY)	S&P rating downgrade from AA to AA- RTG

Default[a]

AlertDate	CUSIP6	Issuer	EventDesc
12/2/2025	11023Q	BRISTOL TENN INDL DEV BRD TAX INCREMENT REV (TN)	Technical default / unsched draw cred enh/resv fnd
12/3/2025	64542P	NEW HOPE CULTURAL ED FACS FIN CORP TEX SR LIVING REV (TX)	Monetary default / missed interest payment
12/3/2025	74441X	PUBLIC FIN AUTH WIS MULTIFAMILY HSG REV (WI)	Technical default / violation of covenants
12/3/2025	906352	UNION CNTY N J IMPT AUTH SOLID WASTE DISP REV (NJ)	Monetary default / missed interest payment
12/3/2025	91873T	VADNAIS HEIGHTS MINN CHARTER SCH LEASE REV (MN)	Monetary default / missed interest payment
12/3/2025	91873T	VADNAIS HEIGHTS MINN CHARTER SCH LEASE REV (MN)	Monetary default / missed principal or redemption payment
12/4/2025	13034A	CALIFORNIA INFRASTRUCTURE & ECONOMIC DEV BK REV (CA)	Technical default / violation of covenants
12/4/2025	19648F	COLORADO HEALTH FACS AUTH REV (CO)	Monetary default / missed principal or redemption payment
12/4/2025	19648F	COLORADO HEALTH FACS AUTH REV (CO)	Technical default / unsched draw cred enh/resv fnd
12/4/2025	63902T	NATUREWALK CMNTY DEV DIST FLA CAP IMPT REV (FL)	Monetary default / missed interest payment
12/4/2025	641455	NEVADA ST DEPT BUSINESS & IND REV (NV)	Technical default / violation of covenants
12/5/2025	74442P	PUBLIC FIN AUTH WIS REV (WI)	Technical default / unsched draw cred enh/resv fnd

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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