PIPER | SANDLER

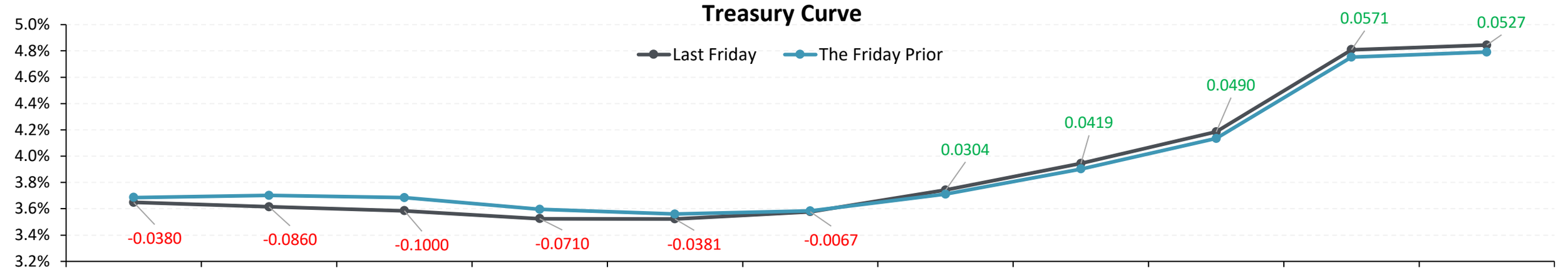
Municipal Market Monitor

Fixed Income | Municipal Fixed Income Research

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

The Headline

A relatively divided Fed voted to lower rates by 25 bps again last week. This marks the third consecutive cut, and perhaps the last for the time being. Mixed economic data on employment and inflation have the FOMC in a tight spot. With inflation still stubborn, Fed hawks are leaning toward a pause. But with employment still in doubt, the doves continue to make the case for further cuts. We get our next good look at the state of employment tomorrow, when the market receives the latest nonfarm payroll report for November. The latest move saw shorter-duration securities come down in yield, while longer-term bond yields rose. This steepening of the curve led to municipal outperformance farther out, while short-term Treasuries outperformed munis last week. As mentioned, Treasury yields steepened through the week: the 1-year yield declined by 7.1 bps, closing at 3.525%; the 10-year yield rose by 4.9 bps, closing at 4.1841%; and the 30-year yield increased by 5.27 bps, closing at 4.8445%.



Municipal Performance

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

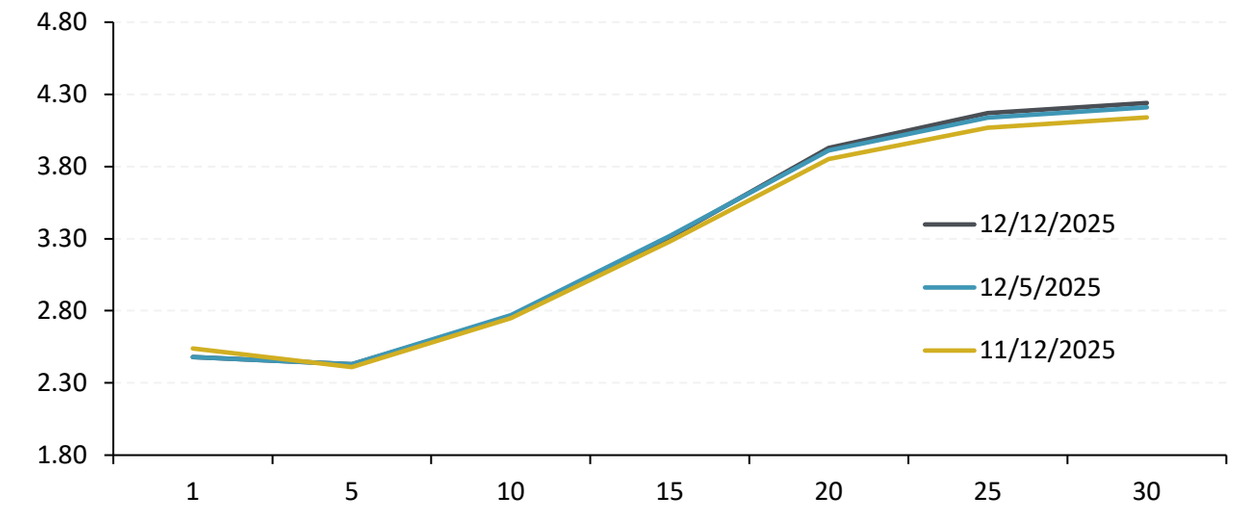
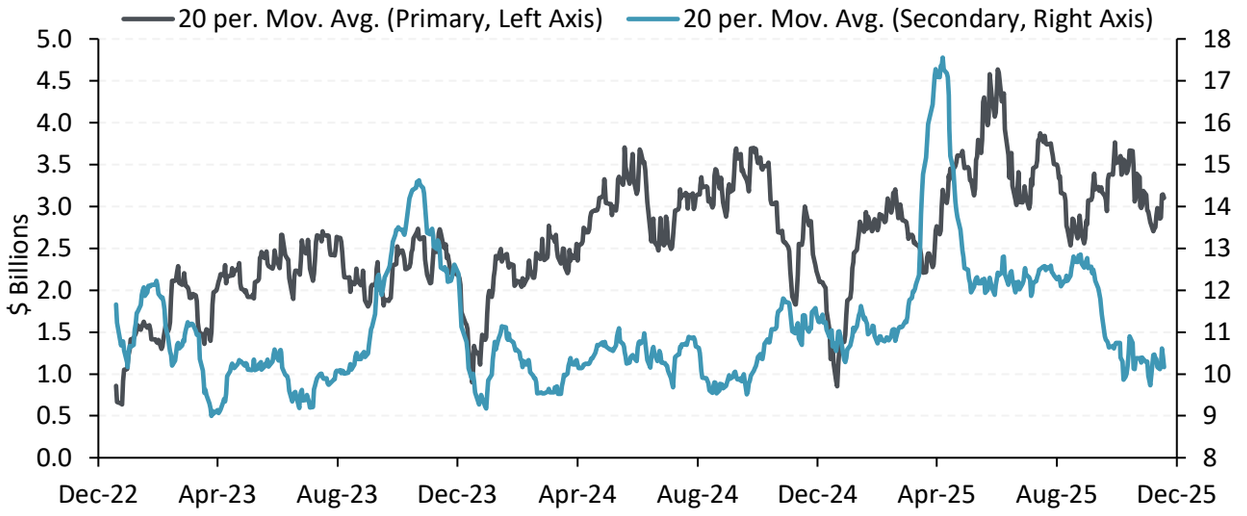


Figure 2: Primary vs. Secondary Market Trading Activity [o]



- Munis had another somewhat calm few days, ending the week only a few basis points up or down. Data from the AAA benchmark curve indicated that the yield on the 1-year held steady at 2.48%, the 10-year fell 1 bp to 2.76%, and the 30-year rose 3 bps to 4.24%. The curve steepened further, with the far end doing all the work. Specifically, the 1/30 spread rose 3 bps to 176 bps, the 7/20 spread was up 2 bps to 137 bps, and the 1/7 spread held at 8 bps (Figure 1).
- Secondary market activity held mostly consistent last week. The preliminary volume report stands at approximately $41.5 billion, a marginal decrease from the preceding week's preliminary figure of $43.3 billion. The 20-trading-day average seems to have finally met its new support level, halting its persistent decrease and now fluctuating in the $10–11 billion range. Primary market activity, as measured by the average, continues to rise from its own cycle low (Figure 2).

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

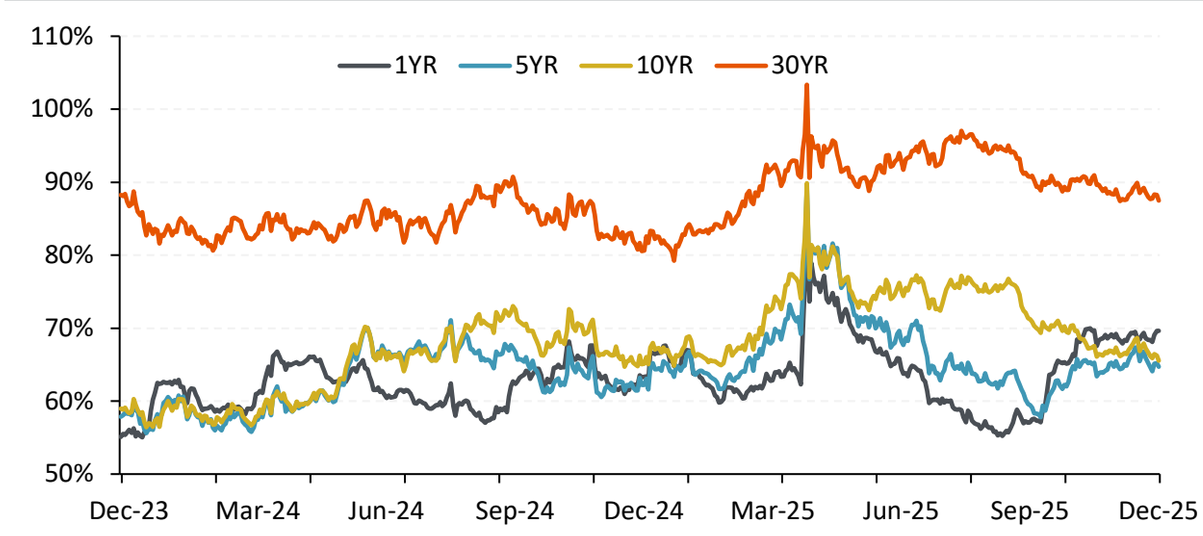
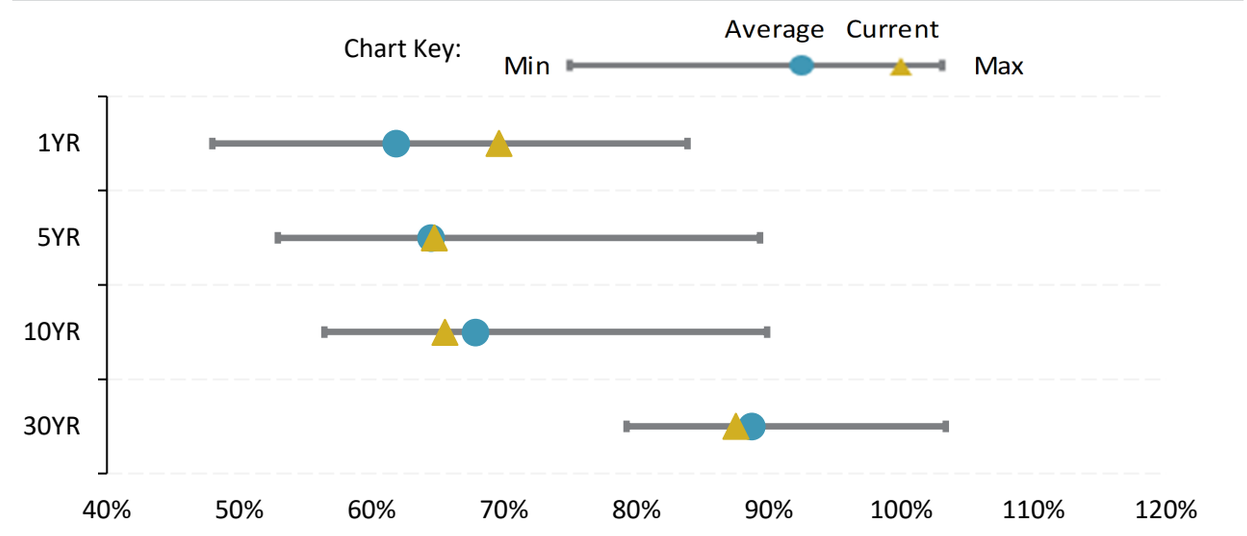


Figure 4: AAA Muni as % of Treasuries - Three Year History [a]



- Municipal bonds mostly outperformed Treasuries last week. Specifically, the 1-year Municipal-to-Treasury (M/T) ratio (assuming a 5% municipal coupon) increased by 1.21 percentage points to 69.62%, lagging comparable Treasuries. Further out, the 5-year ratio fell 0.49 points to 64.71%, the 10-year dropped 1.11 points to 65.53%, and the 30-year declined 0.51 points to 87.49%. When compared to three-year historical averages, however, the best value still seems to be in the 1-year maturity, which is trading at more than a standard deviation above its historical level (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

PIPER | SANDLER

Municipal Market Monitor

Fixed Income | Municipal Fixed Income Research

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

Municipal Market Flows & Supply

Figure 5: 30-Day Visible Supply [c]

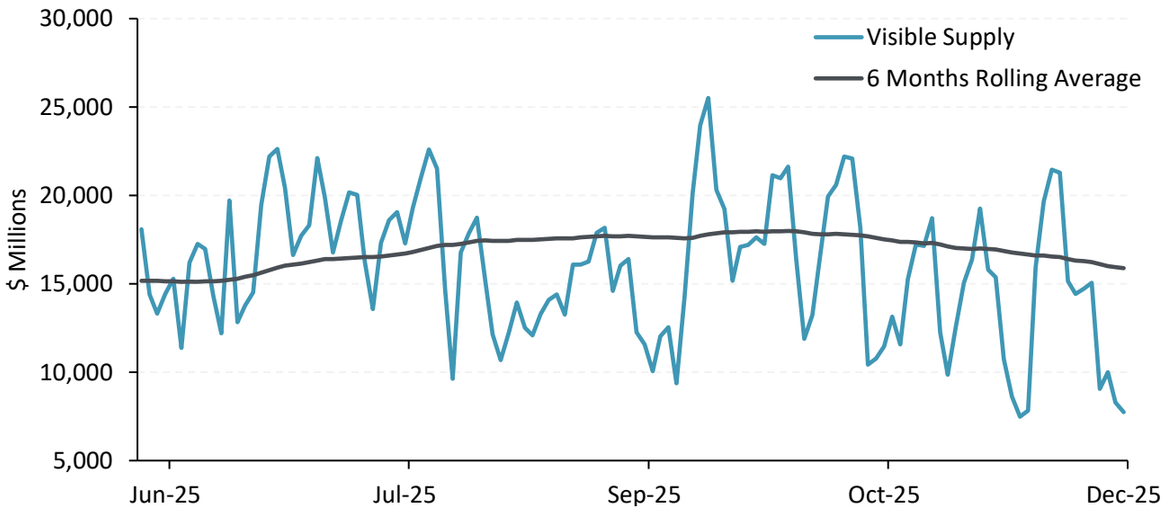
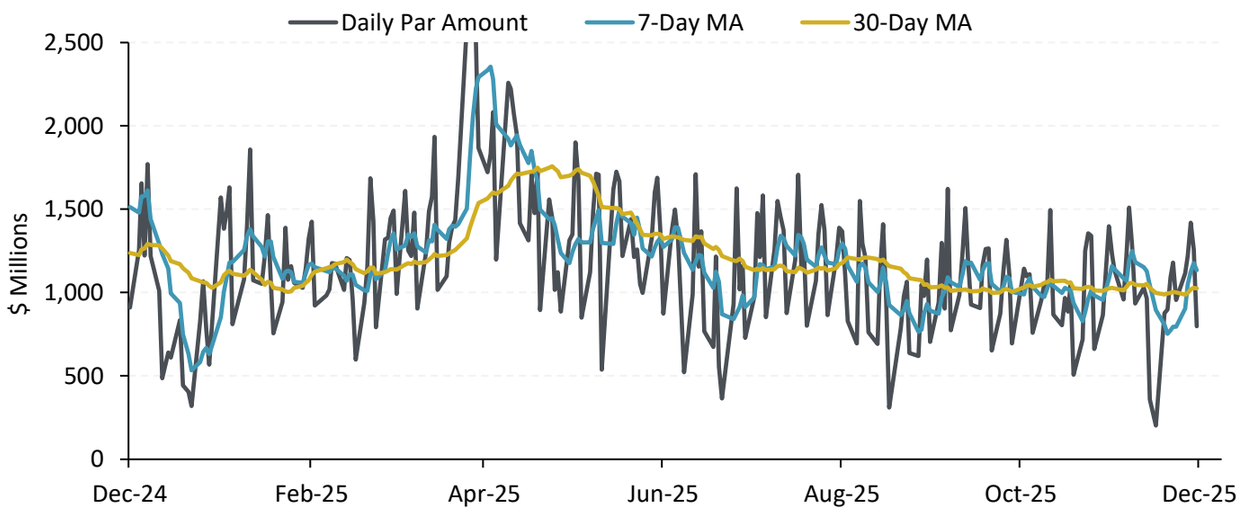


Figure 6: Bids Wanted Par Amount - One Year History [e]



- The 30-day visible supply decreased, now at about $7.7 billion. While much lower than the previous week's $15 billion, it isn't exactly a surprise with next week's holidays set to interrupt regularly scheduled programming (Figure 5).
- Bids wanted fell by approximately $157 million from the previous Friday. In spite of this daily decrease, the 7-trading-day average rose just over $340 million, and the 30-day average rose $26 million, indicating a modest increase of secondary market supply to close the year (Figure 6).

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

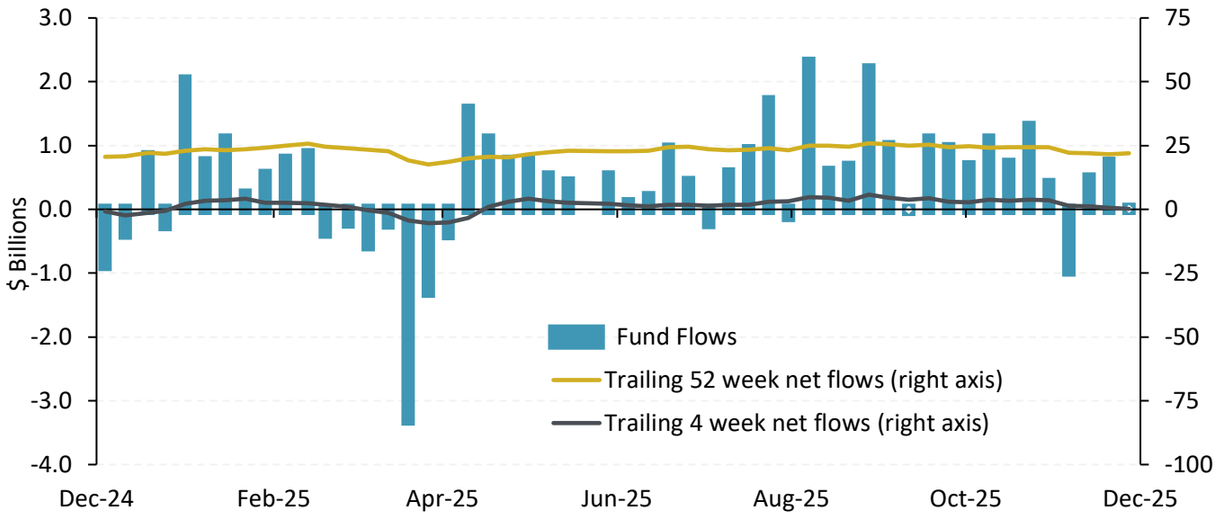
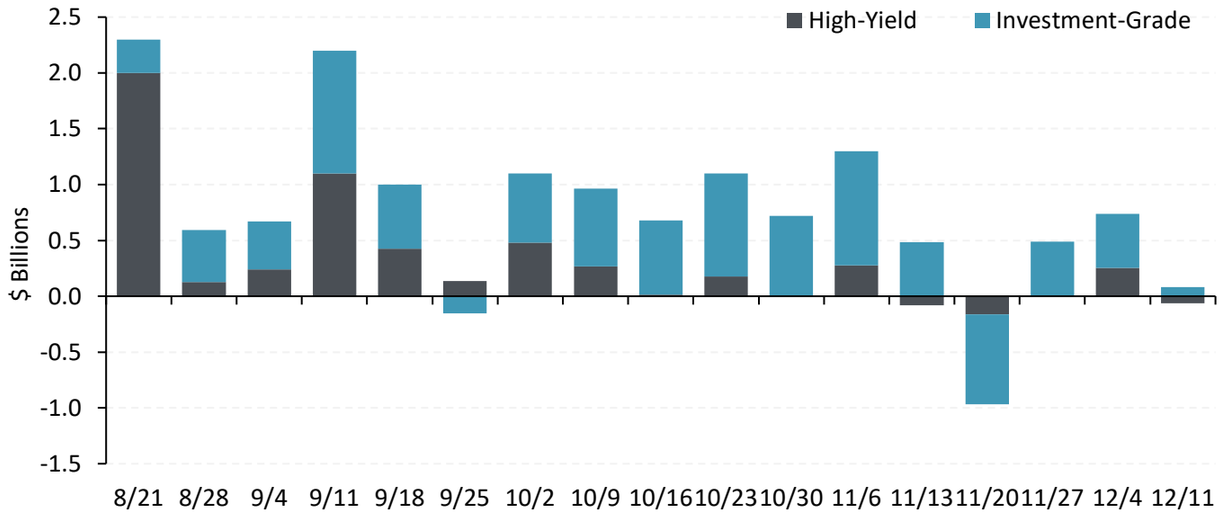


Figure 8: Weekly Municipal Fund Flows - HY vs IG [i]



- According to LSEG Lipper, fund flows were slow last week, amounting to just $16 million of inflows overall (Figure 7).
- Investment-grade funds saw inflows, while high-yield funds had outflows for the week. Specifically, investment-grade funds gained approximately $80 million, while high-yield funds saw outflows of about $64 million (Figure 8).
- Longer-duration funds experienced outflows, while those on the shorter end saw inflows. Specifically, long-term funds shed about $158 million, while intermediate-term and short-term funds attracted $5 million and $169 million, respectively (Figure 9).

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

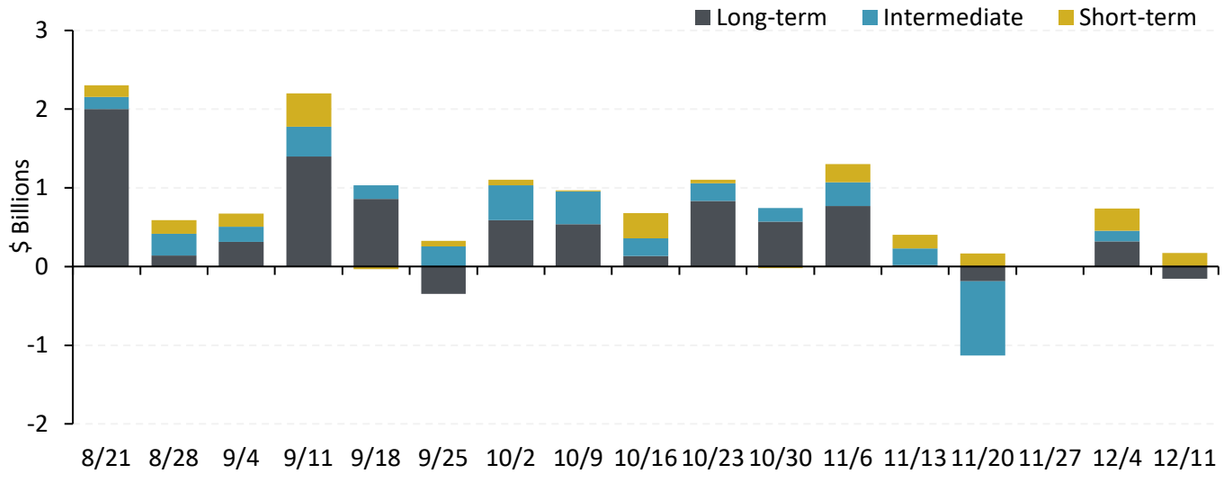
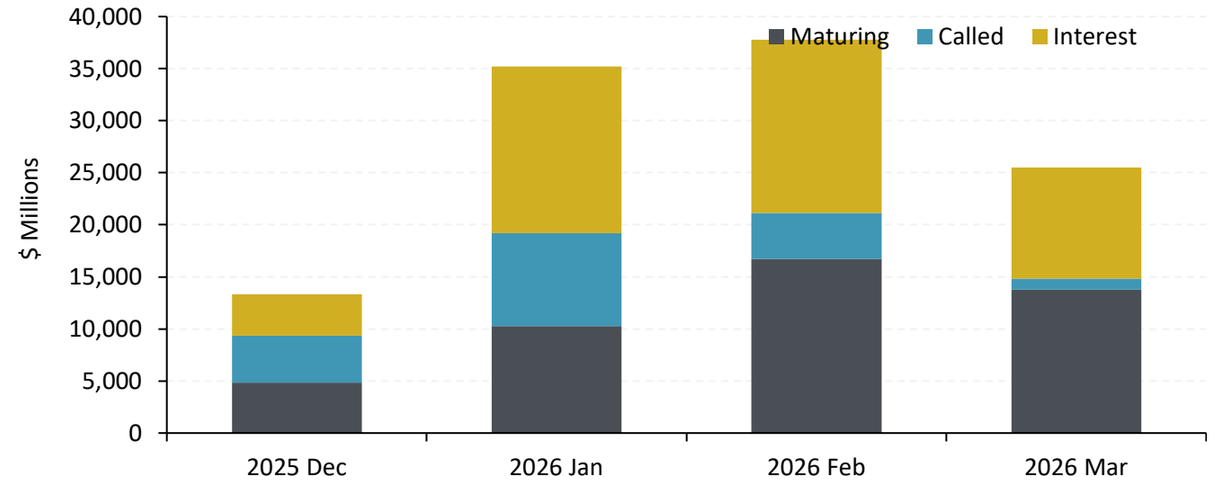
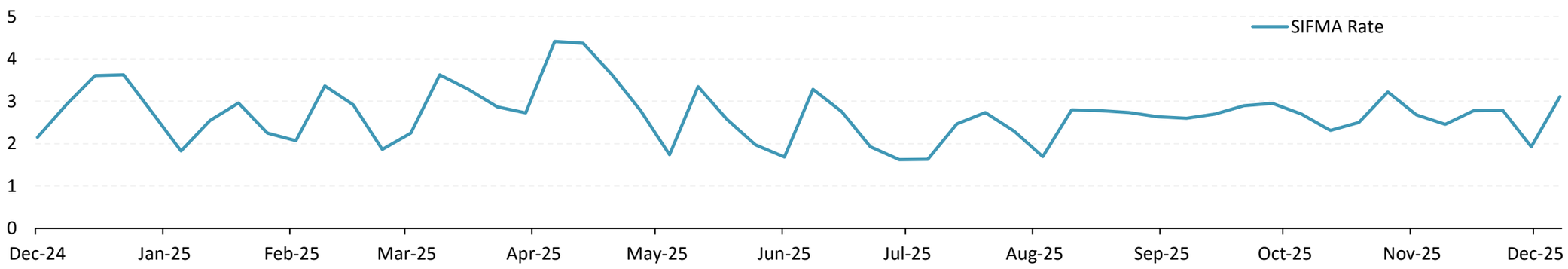


Figure 10: Monthly Bond Maturities and Redemptions [e]



- At the beginning of the month, analysts estimated nearly $45 billion in capital returns. Currently, $13.3 billion of that total remains outstanding from maturing securities, callable instruments, and coupons. While December has seen high reinvestment levels, January is expected to slow down, with only $35.2 billion projected to return to investors (Figure 10).
- The municipal money market rose last week; the SIFMA seven day index quoted up 119 bps to 3.11% at the December 10th 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)

PIPER | SANDLER

Municipal Market Monitor

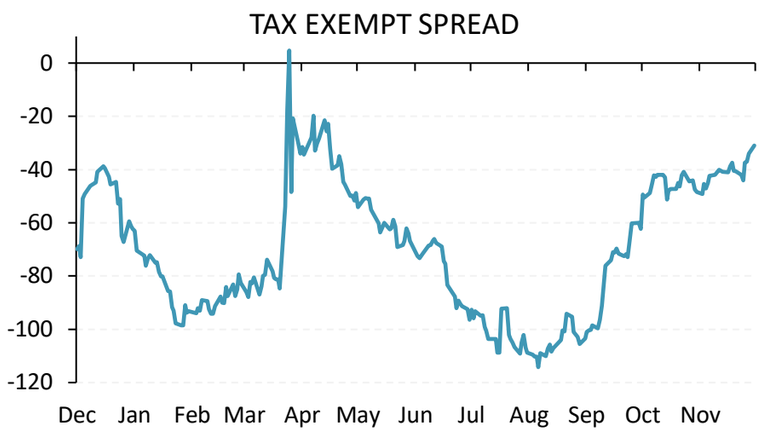
Fixed Income | Municipal Fixed Income Research

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

Relative Value Analysis

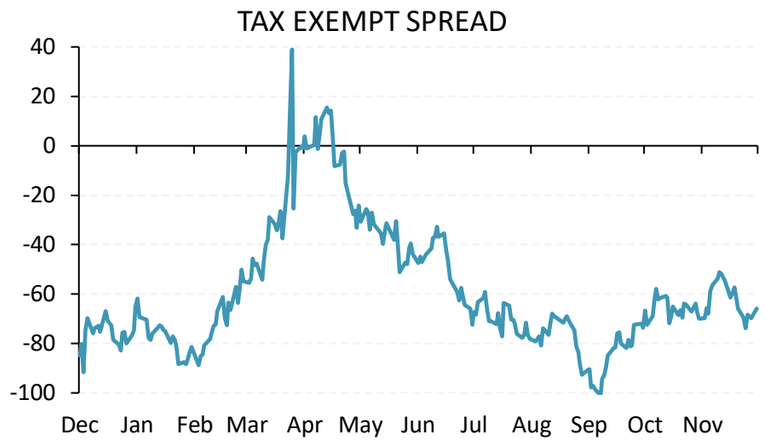
1-Year Spreads (bp)

BVAL AAA Muni Indicies[s]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	16.9	-31.0
1 yr average	13.8	-69.8
1yr max	26.2	4.7
1yr min	4.7	-114.2
Z score	**0.8**	**1.6**



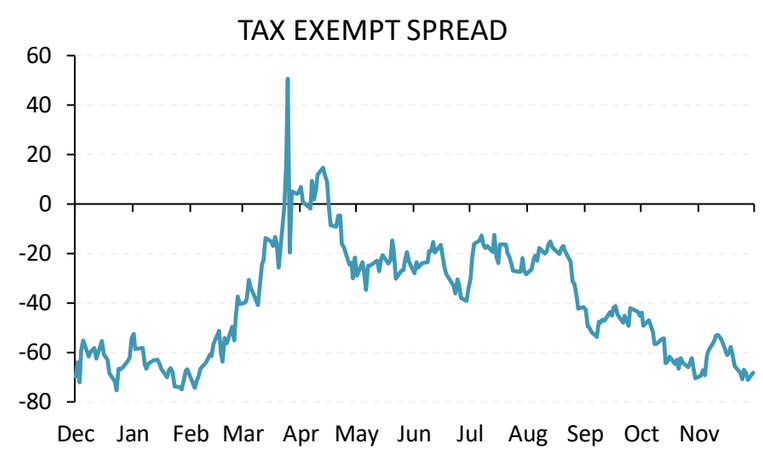
5-Year Spreads (bp)

BVAL AAA Muni Indicies[s]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	20.5	-66.0
1 yr average	26.3	-58.5
1yr max	45.6	38.9
1yr min	14.0	-100.9
Z score	**-0.9**	**-0.3**



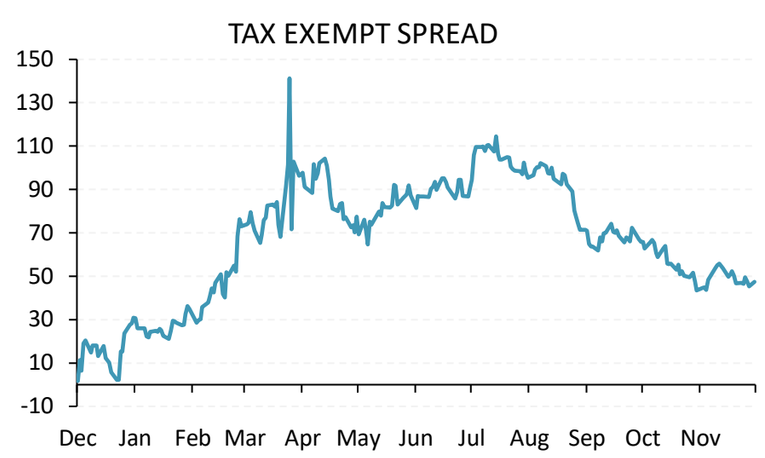
10-Year Spreads (bp)

BVAL AAA Muni Indicies[s]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	25.4	-68.2
1 yr average	35.7	-39.1
1yr max	55.2	50.6
1yr min	22.4	-75.3
Z score	**-1.4**	**-1.2**



30-Year Spreads (bp)

BVAL AAA Muni Indicies[s]	TAXABLE	TAX EXEMPT (21% TEY)
Current spread	81.5	47.4
1 yr average	80.6	66.8
1yr max	97.9	141.3
1yr min	63.8	1.3
Z score	**0.1**	**-0.7**



- 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. With Treasuries having outpaced exempt municipals at the very front end, these muni bonds offer an attractive value opportunity. 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)
12/15/2025	NY TRANS FIN AUTH-D-1-REF	Rev	NY	1,312
12/15/2025	KY PUB ENERGY AUTH-C-REF	Rev	KY	750
12/15/2025	OHIO ST UNIV-A-REF	Rev	OH	562
12/15/2025	NY TRANS FIN AUTH-C	Rev	NY	500
12/15/2025	PROSPER ISD-REF	GO	TX	280

- This week will be relatively slower on the new issuance front, with about $7.2 billion of municipal bonds coming to market. Of the announced deals, 15 come in at $100 million or more, representing about 71% of the total volume, making for a fairly top-heavy week. Taxable deals will represent roughly 8.3% of the overall issuance, or about $601 million, which is also proportionately more than typical. In this quieter week, Piper Sandler will act as the sole manager on more than $135 million of issuance. Inclusive of deals where we are senior or co-manager, the firm will take part in 11% of the weekly issuance volume.

- The economic news of the week is scheduled to be released as follows: Empire Manufacturing and the NAHB Housing Market Index come today; Nonfarm Payrolls, the Unemployment Rate, and Retail Sales Advance tomorrow; Housing Starts, Building Permits, and New Home Sales will share the spotlight on Wednesday; Initial Jobless Claims, the Philly Fed Outlook, and November's CPI inflation data on Thursday; and finally, Existing Home Sales on Friday.

Piper Sandler Municipal Calendar (Week of December 15th, 2025)[u]

Negotiated

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
12/15/2025	BQ	Jefferson Cnty Pub Swr Dist Imp Ref Rev 25	REV	MO	7,000	2026-50
12/16/2025		Legacy Comm Auth Ltd Tax Rev 25A & Sub 25B	REV	CO	56,465	2026-55
12/16/2025		Wright City R-II SD GO Sch Bldg 25	GO	MO	11,000	2035-45
12/16/2025		Cypress-Fairbanks ISD Ultd Tax Rfdg 26	GO	TX	236,340	
12/16/2025		Prosper ISD Ultd Tax Sch Bldg Rfdg 26	GO	TX	279,895	2026-55

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
12/17/2025		California Muni Fin Auth (Gracelight Comm Health) Rev 25A	REV	CA	19,055	2027-56
12/17/2025	TAX	California Muni Fin Auth (Gracelight Comm Health) Txbl Rev 25B	REV	CA	175	
12/17/2025		Knob Noster R-VIII SD COP 25	COP	MO	41,635	2034-51
12/17/2025		EHOVE Joint Vocational Sch Dist (UTGO) Sch Imp 26	GO	OH	150,000	2026-61

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

Municipal Market Monitor

Fixed Income | Municipal Fixed Income Research

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

Piper Sandler Municipal Calendar (Week of December 15th, 2025)[u]

Competitive

Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity	Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
n/a	n/a		n/a	n/	n/a	n/a	n/a	n/a		n/a	n/	n/a	n/a
n/a	n/a		n/a	n/	n/a	n/a	n/a	n/a		n/a	n/	n/a	n/a

Municipal Credit Actions

Credit actions within the last week

Credit Upgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-12-11	878198	TEAYS VALLEY OHIO LOC SCH DIST (OH)	Moodys rating upgrade from AA2 to AA1 RTG

Credit Downgrade[a]

AlertDate	CUSIP6	Issuer	EventDesc
2025-12-08	874721	TALLMADGE OHIO CITY SCH DIST (OH)	Moodys rating downgrade from A1 to A2 RTG
2025-12-09	383390	GOSHEN TOWN N Y (NY)	S&P rating downgrade from AA+ to AA RTG
2025-12-09	833119	SNOHOMISH CNTY WASH SCH DIST NO 002 EVERETT (WA)	S&P rating downgrade from AA to AA- RTG
2025-12-10	596884	MIDDLETOWN CONN (CT)	S&P rating downgrade from AAA to AA+ RTG
2025-12-10	64990C	NEW YORK ST DORM AUTH REVS NON ST SUPPORTED DEBT (NY)	S&P rating downgrade from AA- to A+ RTG
2025-12-11	220112	CORPUS CHRISTI TEX (TX)	Moodys rating downgrade from AA2 to A1 RTG
2025-12-11	220113	CORPUS CHRISTI TEX (TX)	Moodys rating downgrade from AA2 to A1 RTG
2025-12-11	220121	CORPUS CHRISTI TEX BUSINESS & JOB DEV CORP SALES TAX REV (TX)	Moodys rating downgrade from AA2 to A1 RTG
2025-12-11	220245	CORPUS CHRISTI TEX UTIL SYS REV (TX)	Moodys rating downgrade from AA2 to A1 RTG
2025-12-11	64945J	NEW YORK CNTYS TOB TR VI (NY)	S&P rating downgrade from BB to BB- RTG
2025-12-11	64945J	NEW YORK CNTYS TOB TR VI (NY)	S&P rating downgrade from BB+ to BB RTG
2025-12-11	64945J	NEW YORK CNTYS TOB TR VI (NY)	S&P rating downgrade from BB-to B+ RTG
2025-12-11	64945J	NEW YORK CNTYS TOB TR VI (NY)	S&P rating downgrade from BBB to BBB- RTG
2025-12-11	807688	SCHOOL ADMINISTRATIVE DIST NO 051 ME (ME)	S&P rating downgrade from AA+ to AA RTG
2025-12-11	955686	WEST ST PAUL MINN INDPT SCH DIST NO 197 (MN)	S&P rating downgrade from AA- to A+ RTG

Default[a]

AlertDate	CUSIP6	Issuer	EventDesc
12/9/2025	679457	OLATHE KANS TRANSN DEV DIST SALES TAX REV (KS)	Monetary default / missed interest payment
12/9/2025	679457	OLATHE KANS TRANSN DEV DIST SALES TAX REV (KS)	Monetary default / missed principal or redemption payment
12/9/2025	95649C	WEST VA ECONOMIC DEV AUTH REV DOCK & WHARF FACS REV (WV)	Technical default / bankrupt lessor/operator
12/10/2025	687241	OROVILLE CALIF REV (CA)	Technical default / bankrupt lessor/operator
12/10/2025	74439Y	PUBLIC FIN AUTH WIS STUDENT HSG REV (WI)	Technical default / unsched draw cred enh/resv fnd
12/11/2025	74441X	PUBLIC FIN AUTH WIS MULTIFAMILY HSG REV (WI)	Technical default / violation of covenants
12/12/2025	111570	BROADWAY STA MET DIST NO 2 COLO (CO)	Technical default / unsched draw cred enh/resv fnd
12/12/2025	13077E	CALIFORNIA STATEWIDE CMNTYS DEV AUTH SPL TAX (CA)	Default status / forbearance agreement

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

Disclaimer

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.

The material contained herein is not a product of any research department of Piper Sandler & Co. or any of its affiliates. Nothing herein constitutes a recommendation of any security or regarding any issuer; nor is it intended to provide information sufficient to make an investment decision. The information provided is herein not intended to be and should not be construed as a recommendation or "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934.

The information contained in this communication has been compiled by Piper Sandler & Co. from sources believed to be reliable, but no representation or warranty, express or implied, is made by Piper Sandler & Co., its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this communication constitute Piper Sandler & Co.'s judgment as of the date of this communication, are subject to change without notice and are provided in good faith but without legal responsibility. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur.

Nothing in this communication constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and may have been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this communication may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services.

Every state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, any specific securities discussed in this communication may not be eligible for sale in some jurisdictions. This communication is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction.

In providing information contained herein to a municipal entity or obligated person, Piper Sandler (i) is not providing discretionary investment advice to any municipal entity or obligated person recipient (ii) is not acting as an advisor to any municipal entity or obligated person and (iii) does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to any municipal entity or obligated person with respect to the information and material contained in this communication. Piper Sandler is acting for its own interests, and any municipal entity or obligated person recipient of this information should discuss any information and material contained in this communication with any and all internal or external advisors and experts that the municipal entity or obligated person deems appropriate before acting on this information or material.

To the fullest extent permitted by law neither Piper Sandler & Co., nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this communication or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior consent of Piper Sandler & Co. Piper Sandler & Co. may buy from or sell to customers on a principal basis for its own account or as an agent for another person in the securities or related derivatives that are the subject of this communication in reliance on Rule 206(3)-1, we will not obtain client consent for each principal trade.

Piper Sandler & Co. has or may have proprietary positions in the securities or in related derivatives that are the subject of this communication. Piper Sandler & Co. may have been manager or co-manager of a public offering of securities of the issuer within the past twelve months. Additional information is available upon request.

Piper Sandler outgoing and incoming e-mail is electronically archived and recorded and is subject to review, monitoring and/or disclosure to someone other than the recipient. This e-mail may be considered an advertisement or solicitation for purposes of regulation of commercial electronic mail messages. If you do not wish to receive commercial e-mail communications from Piper Sandler, visit: www.piperSandler.com/do_not_email to review the details and submit your request to be added to the Piper Sandler "Do Not E-mail" directory. For additional disclosure information, see www.piperSandler.com/disclosures.

Piper Sandler Companies (NYSE: PIPR) is a leading investment bank driven to help clients Realize the Power of Partnership®. Securities brokerage and investment banking services are offered in the U.S. through Piper Sandler & Co., member SIPC and NYSE; in the U.K. through Piper Sandler Ltd., authorized and regulated by the U.K. Financial Conduct Authority; in the EU through Aviditi Capital Advisors Europe GmbH, a tied agent of AHP Capital Management GmbH, authorized and regulated by BaFin; and in Hong Kong through Piper Sandler Hong Kong Ltd., authorized and regulated by the Securities and Futures Commission. Alternative asset management and fixed income advisory services are offered through separately registered advisory affiliates.

© 2025 Piper Sandler Companies. 350 North 5th Street Minneapolis, MN 55401-5711