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Weekly Healthcare Market Update

October 16, 2023

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Capital Markets Update

MARKET COMMENTARY

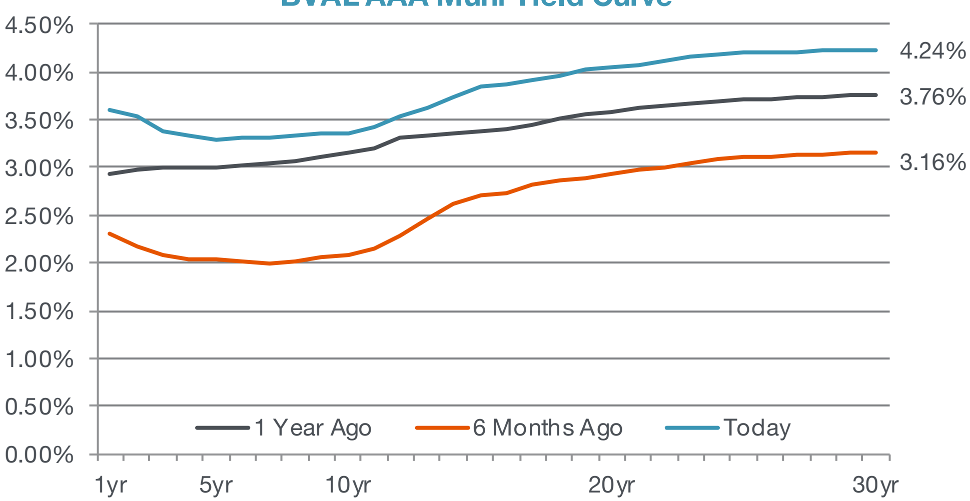
The conflict in the Middle East led to a flight to quality from investors as Treasury yields rallied last week despite a hotter than expected September Consumer Price Index report. The September CPI report was released last week and caused the market a moment of pause as headline CPI printed above market expectations, 0.4% month-over-month actual versus 0.3% month-over-month expected. Month-over-month core CPI came in line with market expectations and on a year-over-year basis, core CPI fell to its lowest growth rate in two years. Municipal yields followed Treasuries lower as 10yr and 30yr municipal yields decreased 20 and 21 bps, respectively. Municipal bond funds experienced outflows for the sixth consecutive week as $780 million exited funds.

US Treasury Market / Tax-Exempt Market / Tax-Exempt to Taxable Ratios

US Treasury	Current Yield	Weekly Change	BVAL "AAA" Muni Yield	Current Yield	Weekly Change	Muni / TSY Ratio	Current Ratio	Previous Week
1 Year	5.41%	-2 bps	1 Year	3.61%	-17 bps	5Y Muni / TSY	70.8%	73.5%
5 Year	4.65%	-10 bps	5 Year	3.29%	-20 bps	10Y Muni / TSY	72.6%	74.5%
10 Year	4.63%	-15 bps	10 Year	3.36%	-20 bps	30Y Muni / TSY	88.7%	89.9%
20 Year	4.97%	-16 bps	20 Year	4.05%	-21 bps			
30 Year	4.78%	-17 bps	30 Year	4.24%	-21 bps			

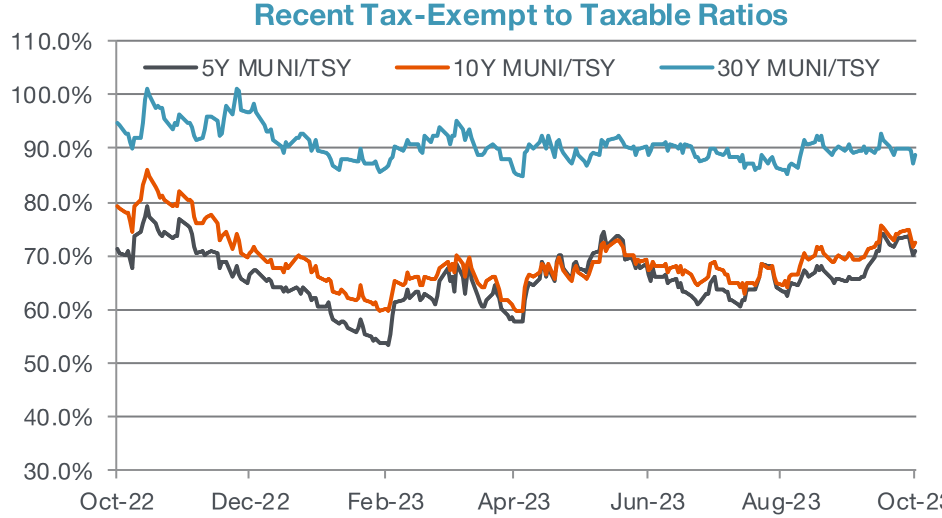
Source: Piper Sandler, Treasury.gov, Bloomberg

BVAL AAA Muni Yield Curve



Source: Bloomberg

Recent Tax-Exempt to Taxable Ratios



Source: Bloomberg, Treasury.gov

*Rates as of 10/13/2023

Healthcare Market Update

PRICINGS LAST WEEK

University of Illinois Hospital (IL) priced an issue last week.

Selected Healthcare Financings Priced the Week of 10/9/2023							
Borrower	Par Amount ($000s)	Rating (M/S/F)	Spread	Coupon/Yield	Maturity	Tax Status	Purpose
University of Illinois Hospital (IL)	$68,325	A2/A-/NR	0.82%	5.50%/4.84%	2042	Tax-Exempt	Refunding
Total	**$68,325**						

EXPECTED PRICINGS THIS WEEK

Wellstar Health System (GA) and Vandalia Health (WV) are expected to be in the market this week.

Selected Healthcare Financings Expected the Week of 10/16/2023					
Borrower	Par Amount ($000s)	Rating (M/S/F)	Expected Pricing Date	Tax Status	Purpose
Wellstar Health System (GA)	$547,190	A2/A+/NR	10/18	Tax-Exempt	New Money and Refunding
Vandalia Health (WV)	384,555	Baa1/BBB+/NR	10/19	Tax-Exempt	New Money and Refunding
Total	**$931,745**				

RECENT RATING ACTIONS

Selected Rating Actions for the Week of 10/9/2023		
Borrower	Rating (Outlook)	Note
Moody's		
University Hospitals (OH)	A2 (Sta)	Rating affirmed
Doylestown Hospital (PA)	B3 (Sta)	Revised to Sta

Selected Rating Actions for the Week of 10/9/2023		
Borrower	Rating (Outlook)	Note
Standard and Poor's		
Northern Reg Hosp (NC)	BB (Neg)	Downgraded
Beebe Medical Center (DE)	BBB (Sta)	Revised to Sta

Selected Rating Actions for the Week of 10/9/2023		
Borrower	Rating (Outlook)	Note
Fitch		
Penn Highlands (PA)	A- (Neg)	Revised to Neg
Billings Clinic (MT)	AA- (Neg)	Revised to Neg

Note: Expected pricings based on negotiated calendar which was released on Thursday, October 12.

Fixed Income Analytics Group

IN-DEPTH MARKET ANALYSIS

Piper Sandler has a nationally recognized fixed income analytics team that provides comprehensive research into market trends and outlook.

Disinflationary Trends Still in Place (Consumer Price Index)

"Shelter and energy costs were the largest contributors to the monthly headline print, with shelter accounting for over half of the increase. Besides housing and gasoline, consumers also paid more for car insurance, hospital services and food; however, they did pay less for used cars and trucks, as well as clothing. On a year-over-year basis, headline CPI was unchanged from the prior month, but core CPI which the Fed considers a more important metric, fell to its lowest growth rate in two years. Three of the major headline components experienced slower annual price growth, with energy posting a smaller decline, but still making a negative contribution. But besides energy, core goods also posted its first year-over-year deflationary print since July 2020. So two out of four headline categories are in deflation. On a monthly basis rent growth printed above August's pace, but on an annual basis rent prices decelerated in September as they continue to trek real time data to lower levels. With shelter contributing nearly 35% of the headline CPI print and more than 40% of core CPI, the lagged impact of these real time metrics (Zillow & Apartment List) will continue to pressure CPI levels down in the months to come. Finally, core services-ex shelter which is viewed as a key indicator by the Fed, fell below 4% to its lowest level in 21 months. Though policymakers are publicly aligned that there is still 'work to do', such prints May sway Fed officials that rates may not need to go any higher."

Inflation Sours Consumer Mood (University of Michigan Sentiment Survey)

"Expectations for both current and future economic conditions deteriorated in October, with the headline sentiment index sinking to its lowest level in 5 months. Inflation was the main concern for many Americans. Short-term inflation expectations jumped to their highest level in 5 months, as oil prices have soared by 27% over the past 4 months and may keep the Fed cautious. However, with oil prices dropping by almost 10% since late September, this volatile metric should revert to lower levels in the months ahead. Long-run inflation expectations also rose, but remain in the range of 2.9-3.1% that has prevailed for 25 of the last 27 months. Finally, consumers' current and future expectations of their personal finances dropped notably in October as increased fuel and food costs are taking a toll on their household budgets. Indeed, 49% of consumers reported that high prices are eroding their living standards, matching the record high posted in July 2022. The one positive in this report (if it can be called that), was that buying conditions for durable goods remained unchanged, but still remain at low levels."

Challenging the "Soft Landing" Narrative (Economic Brief)

"Market consensus is forecasting a soft landing, but may have gotten too complacent just as it has prior to every US economic downturn in the last four decades. A recession does not occur unless the Fed is in the process of cutting rates, and the Fed is still thinking about hiking rates. The combination of the Fed's aggressive hiking campaign and surging debt is pressuring long end rates higher, as investors become concerned about the US fiscal position. The uptrend pressure in rates may continue as long as the viewpoint 'higher for longer' remains in place. However, the history of Fed aggressive rate-hiking cycles is littered with financial damage, which is then followed by aggressive rate cuts."

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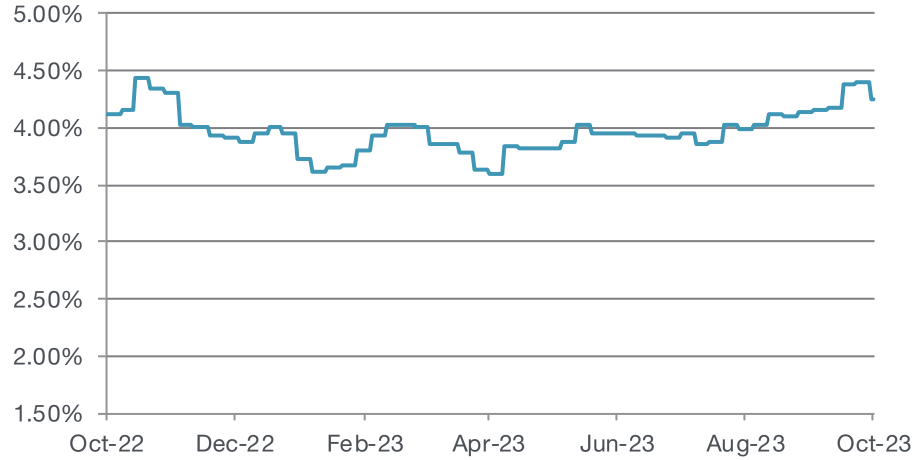
Rate Movements Last 12 Months

LONG-TERM AND SHORT-TERM RATES

Index	Current	Max	Min	Average
BBRBI	4.25%	4.44%	3.60%	3.96%
10Y Muni	3.36%	3.56%	2.08%	2.65%
10Y Treasury	4.63%	4.81%	3.30%	3.84%
SIFMA	3.19%	4.47%	1.66%	3.08%
SOFR	5.31%	5.33%	3.01%	4.66%
SIFMA/SOFR Ratio	60.1%	98.2%	38.5%	66.0%

Long-Term Rates

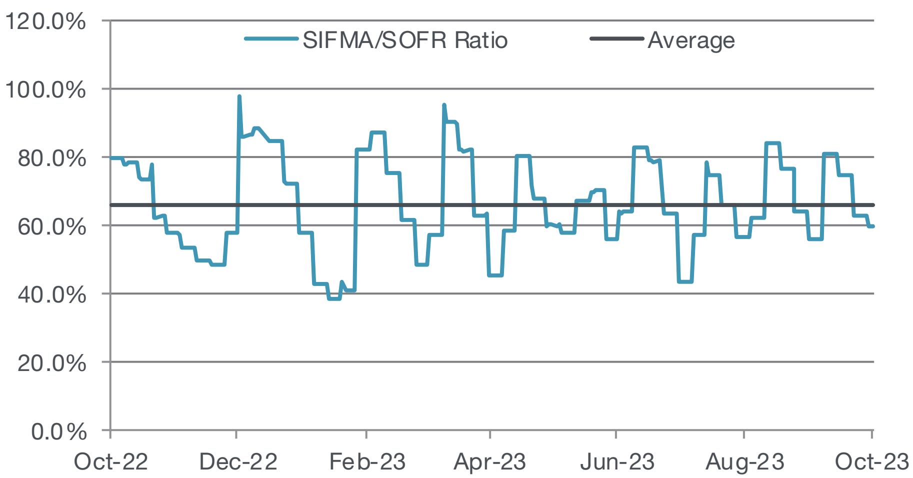
The Bond Buyer Revenue Bond Index



Source: Bond Buyer

Short-Term Rates

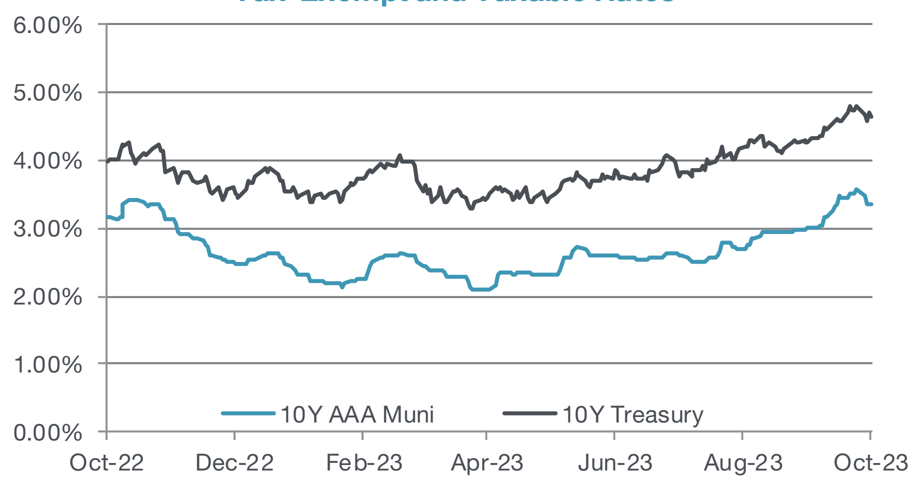
SIFMA/SOFR Ratio



Source: SIFMA, Bloomberg

Long-Term Rates

Tax-Exempt and Taxable Rates

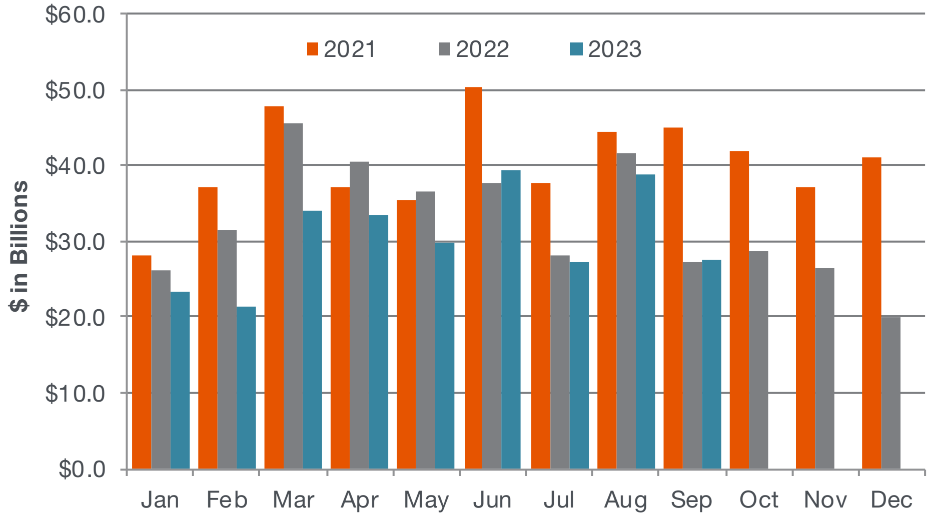


Source: Treasury.gov, Bloomberg

Bond Buyer Revenue Bond Index (BBRBI) shows the average yield on a basket of 25 revenue bonds with 30-year maturities and an average rating equivalent to Moody's "A1" and S&P's "A+"
Bloomberg's BVAL AAA Callable Curve (Muni) is the yield curve of the highest-rated ("AAA" GO) municipal bonds
SIFMA rate is a weekly short-term index comprised of tax-exempt variable rate bonds which serves as a benchmark floating rate
Secured Overnight Financing Rate (SOFR) is a benchmark rate at which banks charge each other for short-term loans. SOFR is a replacement for LIBOR.

Municipal Bond Supply and Economic Calendar

Primary Monthly Issuance Volume



Source: Bond Buyer

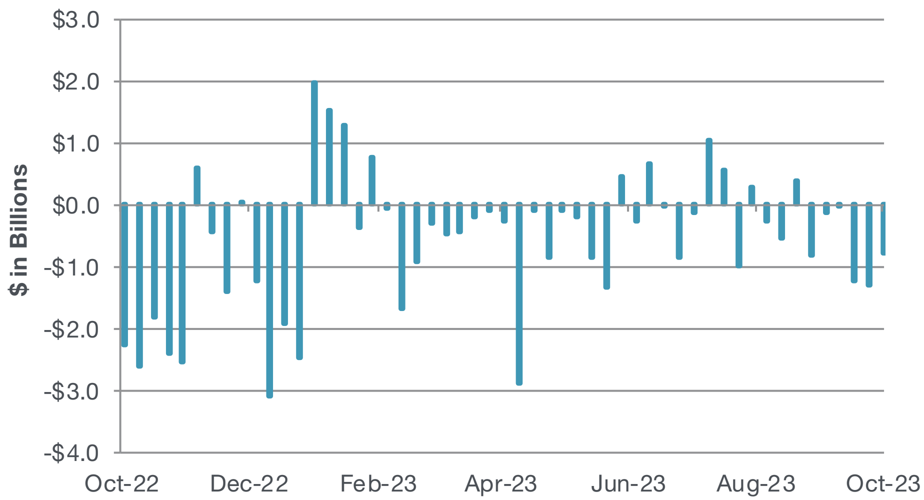
Economic Outlook

Monday, October 16	Tuesday, October 17	Wednesday, October 18
Empire State Mfg Index	Retail Sales	Housing Starts and Permits
	Industrial Production	EIA Petroleum Status
	Business Inventories	Beige Book
	Housing Market Index	Treasury Int'l Capital

Thursday, October 19	Friday, October 20
Jobless Claims	
Philly Fed Mfg Index	
Existing Home Sales	
EIA Natural Gas Report	

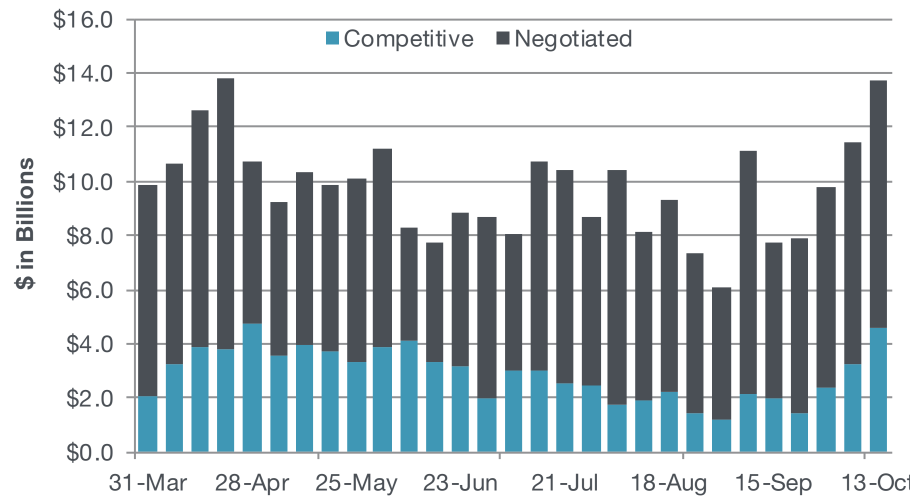
Reference Key
Market Moving Indicator
Merits Extra Attention
Source: Bloomberg.com

Long-Term Municipal Fund Weekly Net Cash Flows



Source: Lipper

Visible Supply - Weekly Averages



Source: Bond Buyer

Visible Supply reflects the dollar volume of bonds expected to reach the municipal market in the next 30 days.

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