

Weekly Healthcare Market Update

October 23, 2023

John Henningsgard
CO-HEAD OF HEALTHCARE
Minneapolis

Nessy Shems
MANAGING DIRECTOR
Boston

Alisa Gingerich
ASSISTANT VICE PRESIDENT
Minneapolis

Keith Kleven
CO-HEAD OF HEALTHCARE
Minneapolis

Todd Van Deventer
MANAGING DIRECTOR
Kansas City

Jeff Cohen
MANAGING DIRECTOR
Albany

Andrew Jessmore
VICE PRESIDENT
Minneapolis

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VICE PRESIDENT
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MANAGING DIRECTOR
Hartford

Mickey Mendoza
VICE PRESIDENT
Minneapolis

Capital Markets Update

MARKET COMMENTARY

Treasury yields increased double digit bps last week as the Fed reinforced the possibility of “higher for longer” in regards to interest rate policy. In comments last week, Fed Chair Jerome Powell said “resilient economic growth raises the prospect of renewed inflationary pressures that could warrant additional rate hikes.” Market participants still expect the Fed to hold the fed funds rate at its current level at the next two FOMC meetings in November and December. Municipal yields followed Treasury yields higher as 10yr and 30yr municipal yields increased 23 and 29 bps, respectively. Volatility continues to persist in the short-term interest rate market as the SIFMA Index reset 100 bps higher last week to 4.19% from 3.19%. Municipal bond funds experienced outflows for the seventh consecutive week as \$297 million exited funds in the most recent week.

US Treasury Market

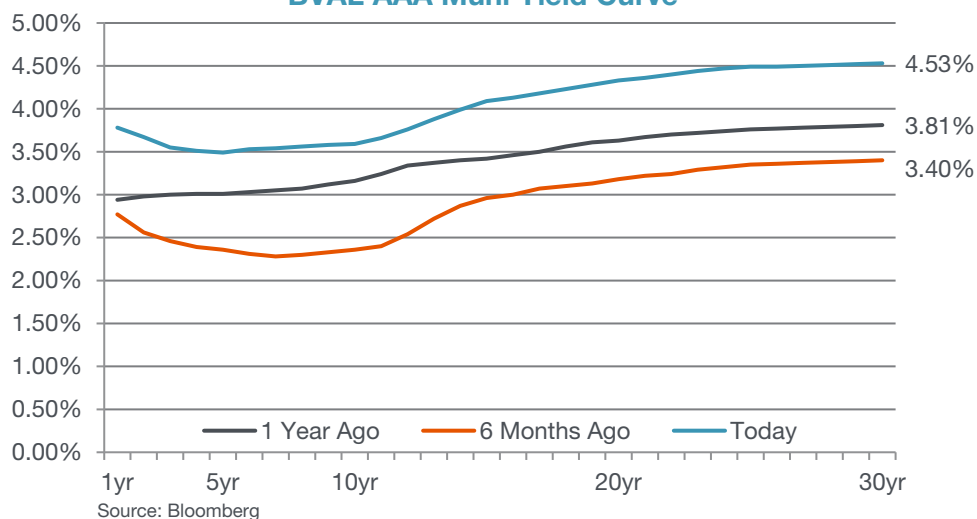
Tax-Exempt Market

Tax-Exempt to Taxable Ratios

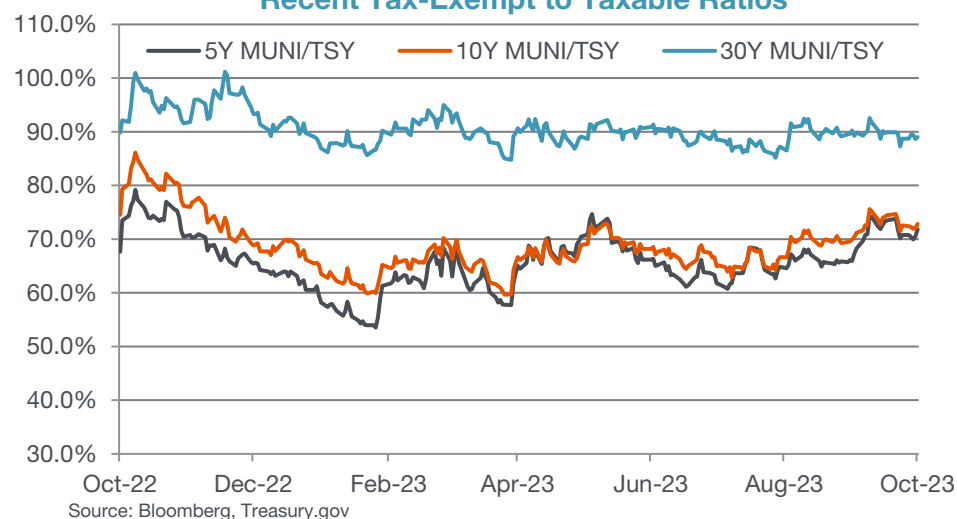
US Treasury	Current Yield	Weekly Change	BVAL “AAA” Muni Yield	Current Yield	Weekly Change	Muni / TSY Ratio	Current Ratio	Previous Week
1 Year	5.41%	0 bps	1 Year	3.78%	17 bps	5Y Muni / TSY	71.8%	70.8%
5 Year	4.86%	21 bps	5 Year	3.49%	20 bps	10Y Muni / TSY	72.8%	72.6%
10 Year	4.93%	30 bps	10 Year	3.59%	23 bps	30Y Muni / TSY	89.0%	88.7%
20 Year	5.27%	30 bps	20 Year	4.33%	28 bps			
30 Year	5.09%	31 bps	30 Year	4.53%	29 bps			

Source: Piper Sandler, Treasury.gov, Bloomberg

BVAL AAA Muni Yield Curve



Recent Tax-Exempt to Taxable Ratios



* Rates as of 10/20/2023

Healthcare Market Update

PRICINGS LAST WEEK

Wellstar Health System (GA) and Vandalia Health (WV) priced issues last week.

Selected Healthcare Financings Priced the Week of 10/16/2023							
Borrower	Par Amount (\$000s)	Rating (M/S/F)	Spread	Coupon/Yield	Maturity	Tax Status	Purpose
Wellstar Health System (GA)*	\$417,110	A1/AA/NR (Insured)	0.72%	5.00%/5.25%	2053	Tax-Exempt	New Money and Refunding
Vandalia Health (WV)*	407,730	A1/AA/NR (Insured)	0.99%	5.38%/5.52%	2053	Tax-Exempt	New Money and Refunding
Total	\$824,840						

*Partially insured.

EXPECTED PRICINGS THIS WEEK

No healthcare issues are expected to price this week.

Selected Healthcare Financings Expected the Week of 10/23/2023					
Borrower	Par Amount (\$000s)	Rating (M/S/F)	Expected Pricing Date	Tax Status	Purpose

No healthcare issues on the negotiated calendar

RECENT RATING ACTIONS

Selected Rating Actions for the Week of 10/16/2023			Selected Rating Actions for the Week of 10/16/2023			Selected Rating Actions for the Week of 10/16/2023		
Borrower	Rating (Outlook)	Note	Borrower	Rating (Outlook)	Note	Borrower	Rating (Outlook)	Note
Moody's			Standard and Poor's			Fitch		
Pullman Reg Hosp (WA)	A1 (Sta)	Rating assigned	Kootenai Health (ID)	A (Neg)	Rating affirmed	OHSU (OR)	AA- (Sta)	Rating affirmed
Centra Health (VA)	A3 (Sta)	Upgraded	Grande Ronde Hosp (OR)	BBB (Sta)	Rating affirmed	Vanderbilt Univ. Med (TN)	A (Sta)	Rating affirmed

Note: Expected pricings based on negotiated calendar which was released on Thursday, October 19.

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.

[CapEx Spending Worst Since 2008 \(Philadelphia Fed Business Outlook\)](#)

“Manufacturing activity in the Philly area improved, but the index remains in negative territory. The improvement was driven mainly by a notable jump in new orders and shipments that turned positive, but are still low. The general activity index has been negative in 15 out of the past 17 months, with 35% of firms reporting declining activity versus 26% reporting growth. The survey’s future indexes did decline significantly with the future shipments index dropping 25 points. The 6-month business outlook turned slightly less sanguine, with only 36% of the firms surveyed expecting increases in activity. Overall, respondents to the survey still expect business conditions to improve, but they are less confident than last month. The survey’s special question showed a slightly larger share of firms expecting to decrease total capital spending rather than increase total spending. When this question was asked last year, 37% of the firms expected to increase total spending, while that number now dropped to 30%. This was the weakest level since the 2008 financial crisis and does not reflect growing optimism for the future.”

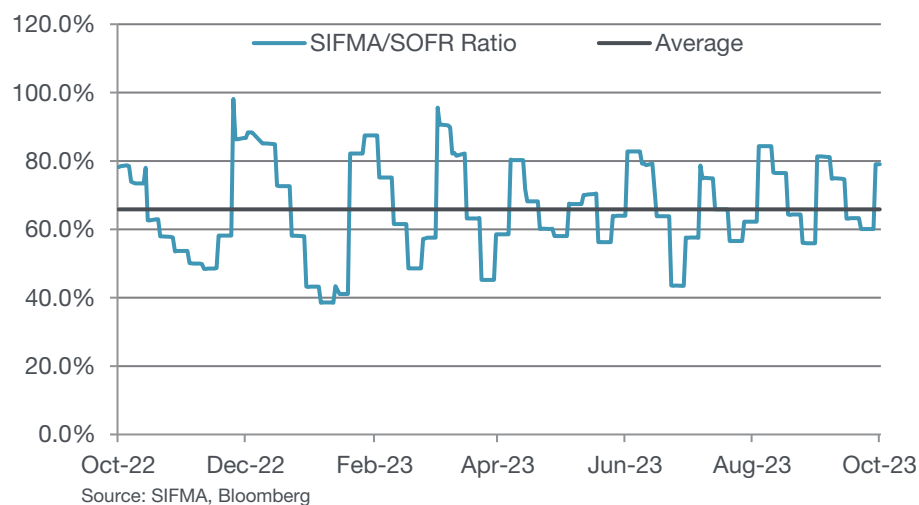
Rate Movements Last 12 Months

LONG-TERM AND SHORT-TERM RATES

Index	Current	Max	Min	Average
BBRBI	4.47%	4.47%	3.60%	3.97%
10Y Muni	3.59%	3.59%	2.08%	2.66%
10Y Treasury	4.93%	4.98%	3.30%	3.85%
SIFMA	4.19%	4.47%	1.66%	3.10%
SOFR	5.30%	5.33%	3.01%	4.70%
SIFMA/SOFR Ratio	79.1%	98.2%	38.5%	65.8%

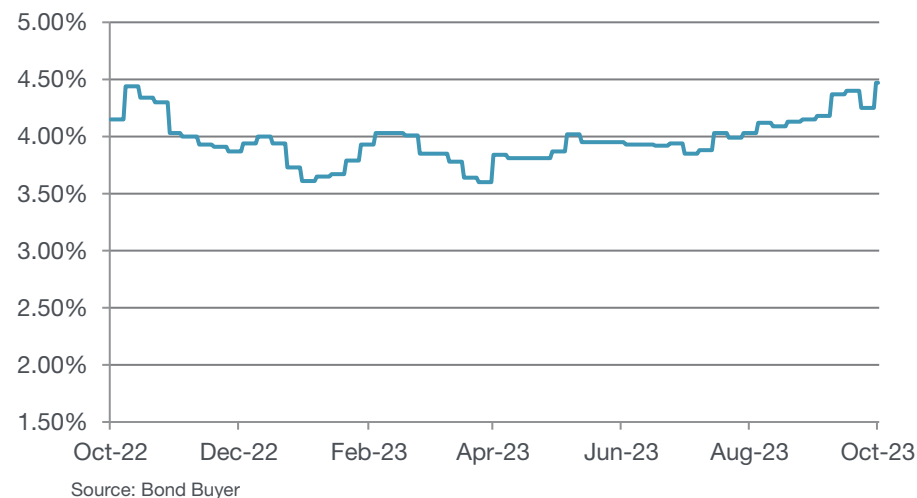
Short-Term Rates

SIFMA/SOFR Ratio



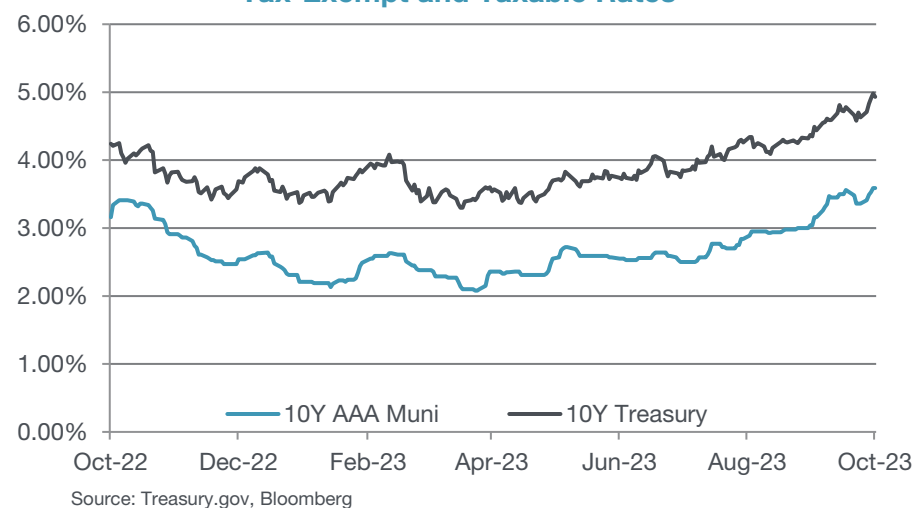
Long-Term Rates

The Bond Buyer Revenue Bond Index



Long-Term Rates

Tax-Exempt and Taxable Rates



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+"

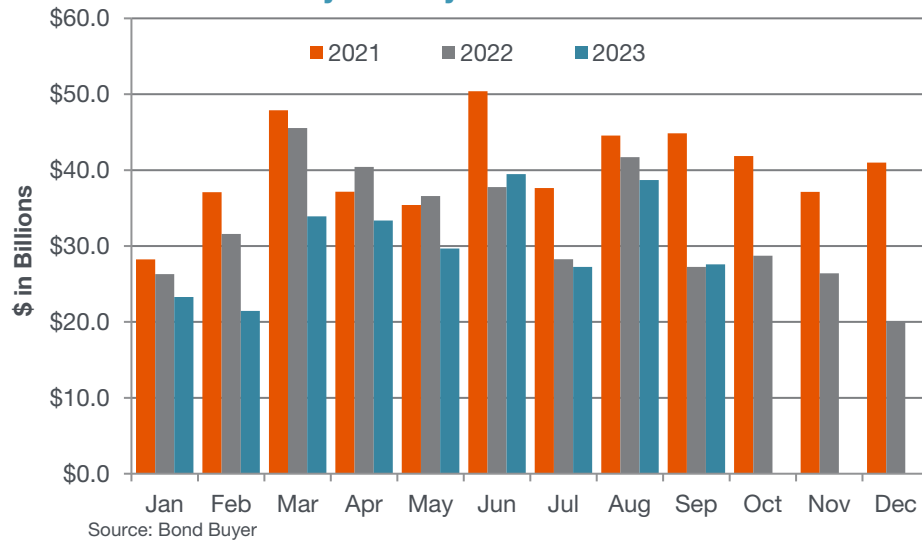
Bloomberg's BVAL AAA Callable Curve (Muni) is the yield curve of the highest-rated ("AAA" GO) municipal bonds

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

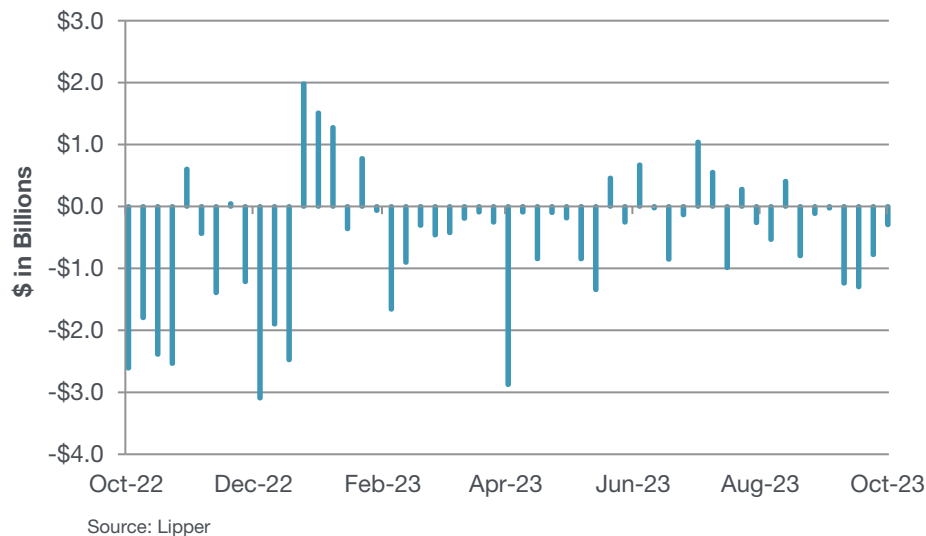
Primary Monthly Issuance Volume



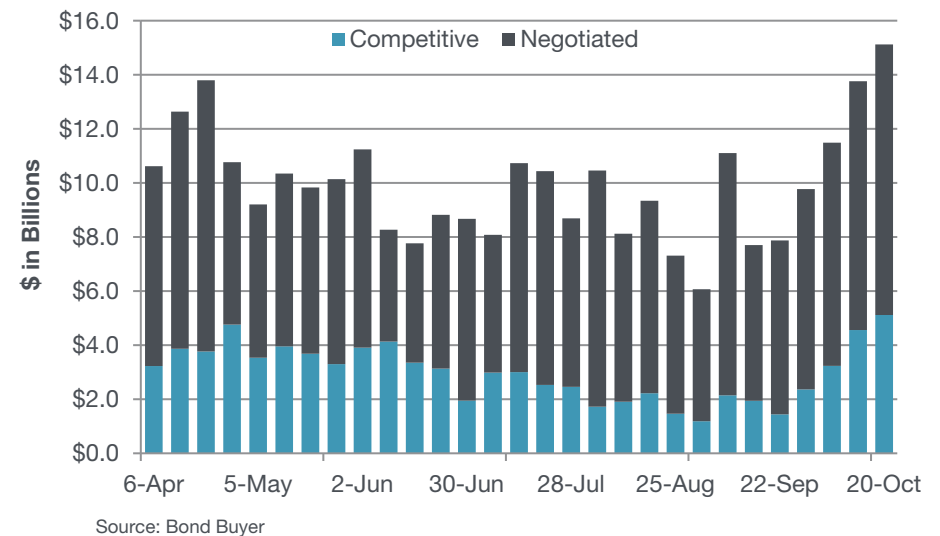
Economic Outlook



Long-Term Municipal Fund Weekly Net Cash Flows



Visible Supply - Weekly Averages



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

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