



Weekly Healthcare Market Update

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Capital Markets Update

Market Commentary

Christmas came early for the bond market as the Fed held the fed funds rate steady at last week's FOMC meeting and Fed Chair Jerome Powell sounded less hawkish than expected and acknowledged the time had come to start discussing rate cuts in his press conference following the meeting. The Fed is forecasting three rate cuts in 2024, an increase from the one cut projected following the September meeting. As a result of the positive news from the FOMC meeting, Treasury yields fell double digit bps across the curve with 10yr Treasury yields declining 32 bps and 30yr yields moving 31 bps lower. Municipal yields followed Treasuries lower as 10yr and 30yr municipal yields fell 17 and 18 bps, respectively. According to Fed fund futures the odds of a 25 bp Fed rate cut in March stands at 75%, while a full rate cut is priced in by May.

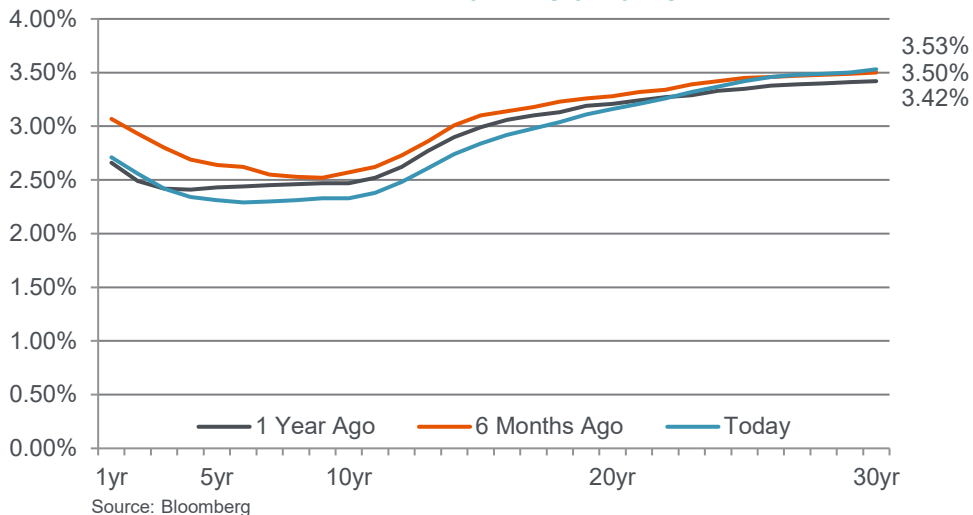
US Treasury Market

Tax-Exempt Market

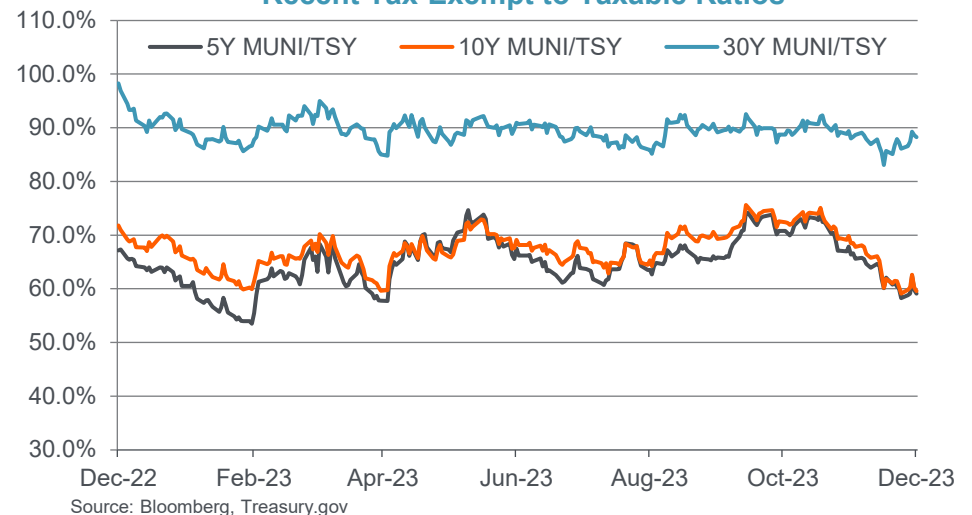
Tax-Exempt to Taxable Ratios

US Treasury	Current Yield	Weekly Change	BVAL "AAA" Muni Yield	Current Yield	Weekly Change	Muni / TSY Ratio	Current Ratio	Previous Week
1 Year	4.95%	-18 bps	1 Year	2.71%	-21 bps	5Y Muni / TSY	59.1%	58.3%
5 Year	3.91%	-33 bps	5 Year	2.31%	-16 bps	10Y Muni / TSY	59.6%	59.1%
10 Year	3.91%	-32 bps	10 Year	2.33%	-17 bps	30Y Muni / TSY	88.3%	86.1%
20 Year	4.19%	-30 bps	20 Year	3.16%	-18 bps			
30 Year	4.00%	-31 bps	30 Year	3.53%	-18 bps			

BVAL AAA Muni Yield Curve



Recent Tax-Exempt to Taxable Ratios



* Rates as of 12/15/2023

Healthcare Market Update

Pricings last week

Adventist Health (CA) was in the market last week with a variable rate issue.

Selected Healthcare Financings Priced the Week of 12/11/2023							
Borrower	Par Amount (\$000s)	Rating (M/S/F)	Spread	Coupon/Yield	Maturity	Tax Status	Purpose
Adventist Health (CA)	\$77,095	NR/AAAA (LOC)	N/A	Variable Rate	2041	Tax-Exempt	Refunding
Total	\$77,095						

Expected pricings this week

Sharp HealthCare (CA) is expected to price an issue this week.

Selected Healthcare Financings Expected the Week of 12/18/2023						
Borrower	Par Amount (\$000s)	Rating (M/S/F)	Expected Pricing Date	Tax Status	Purpose	
Sharp HealthCare (CA)	\$350,755	Aa3/AA/NR	12/19	Tax-Exempt	New Money and Refunding	
Total	\$350,755					

Recent rating actions

Selected Rating Actions for the Week of 12/11/2023			Selected Rating Actions for the Week of 12/11/2023			Selected Rating Actions for the Week of 12/11/2023		
Borrower	Rating (Outlook)	Note	Borrower	Rating (Outlook)	Note	Borrower	Rating (Outlook)	Note
Moody's			Standard and Poor's			Fitch		
Parkview Med Center (CO)	Aa2 (Sta)	Upgraded	Sharp HealthCare (CA)	AA (Sta)	Rating affirmed	Yavapai Reg Med Ctr (AZ)	A+ (Sta)	Rating affirmed
Lake Chelan Health (WA)	Baa3 (Neg)	Revised to Sta	Main Line Health (PA)	AA- (Neg)	Revised to Neg	Southcoast Health (MA)	A- (Sta)	Revised to Sta

Note: Expected pricings based on negotiated calendar which was released on Friday, December 15.

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.

[Cooling Slightly, As Some Pressures Remain \(Consumer Price Index\)](#)

“Shelter costs were the largest positive contributor to the November print, but the rise in the headline figure was held to a smaller gain thanks to declining gasoline prices. Besides housing, consumers also paid more for car insurance, food, and medical care; however, they did pay less for apparel and airline fares. On a year-over-year basis headline CPI edged slightly lower, but core CPI was unchanged. This was the first time since March that the annual core inflation rate stalled and did not decline. Two of the major headline components -food and shelter rent- experienced disinflationary growth on an annual basis, while -energy and core goods- posted outright deflationary prints. However, core services-ex shelter increased for the second consecutive month. On a monthly basis rent growth printed below October’s pace, with annual growth rates continuing to decelerate as they try to catch down with real time metrics (Zillow and Apartment List). With shelter contributing nearly 35% of the headline CPI print and more than 40% of core CPI, the lagged impact will continue to pressure CPI levels down well into 2024. Finally, core services-ex shelter which is viewed as a key indicator by the Fed, moved back above the 4% level and has been lingering at these levels since June. The stickiness of this measure is somewhat concerning, but we do not anticipate it will prompt the Fed to start thinking about rate hikes as all other major CPI components are in disinflation or outright deflation. However, it may keep the Fed on an extended hold.”

[Steadily Rising \(MBA Mortgage Applications\)](#)

“Mortgage applications posted their sixth consecutive weekly increase, as well as their largest jump since the beginning of 2023. However, despite the rise, overall mortgage lending activity remains near its lowest level since the mid-1990s. The recent boost in activity was most likely driven by the drop in mortgage rates. Indeed, 30yr fixed mortgage rates have dropped by more than 80 bp since late October. Refinance applications experienced their most robust week since the beginning of the year, posting a year-over-year increase of 27%. On the other hand, applications to purchase a home have also increased in 5 out of the last six weeks, but stand almost 18% behind last year’s pace, hindered by limited inventory and affordability challenges. With inflation continuing to cool down, we anticipate Treasury rates to continue to drift lower leading to even lower mortgage rates, thus supporting both home refis and purchase activity.”

[Getting Ready for Rate Cuts \(FOMC December\)](#)

“There were only a few modifications in the FOMC statement, but the changes were significant. The Fed acknowledged for the first time since embarking on its rate hiking campaign that the economy is losing momentum and that inflation while elevated has steadily moved lower. More importantly the Fed effectively labeled further rate hikes as optional by adding the word ‘any’ in front of the statement ‘additional policy firming’ that may be needed. However, the bigger surprise was the Fed’s forecast that 75bp of policy easing would be appropriate in 2024, compared to 25 bp of rate cuts predicted in September, an indication the Fed is pivoting towards rate cuts. However, in his press conference, Chair Powell left the door open to future rate increases if price pressures return. The markets are currently still more dovish than the Fed and are pricing a Fed funds rate of 4.00% at the end of 2024 vs. the Fed’s forecast of 4.6%.”

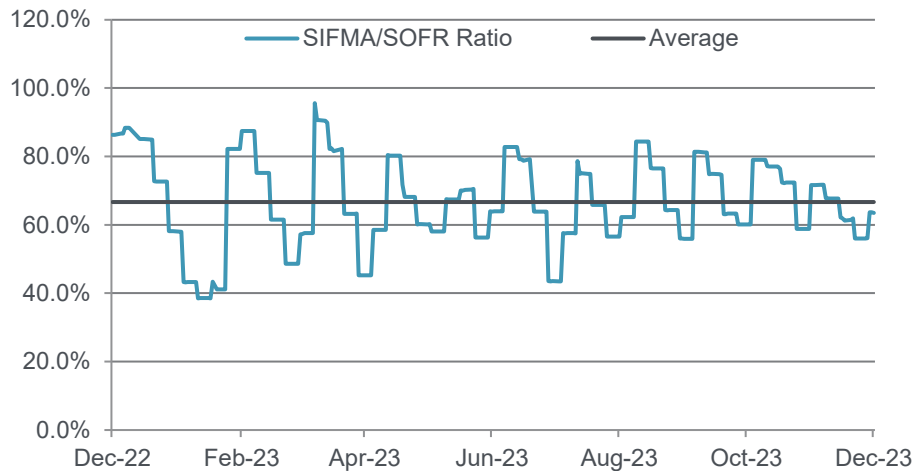
Rate Movements Last 12 Months

Long-term and short-term rates

Index	Current	Max	Min	Average
BBRBI	3.74%	4.47%	3.60%	3.96%
10Y Muni	2.33%	3.61%	2.08%	2.67%
10Y Treasury	3.91%	4.98%	3.30%	3.95%
SIFMA	3.38%	4.47%	1.66%	3.31%
SOFR	5.32%	5.39%	4.30%	4.97%
SIFMA/SOFR Ratio	63.5%	95.6%	38.5%	66.7%

Short-Term Rates

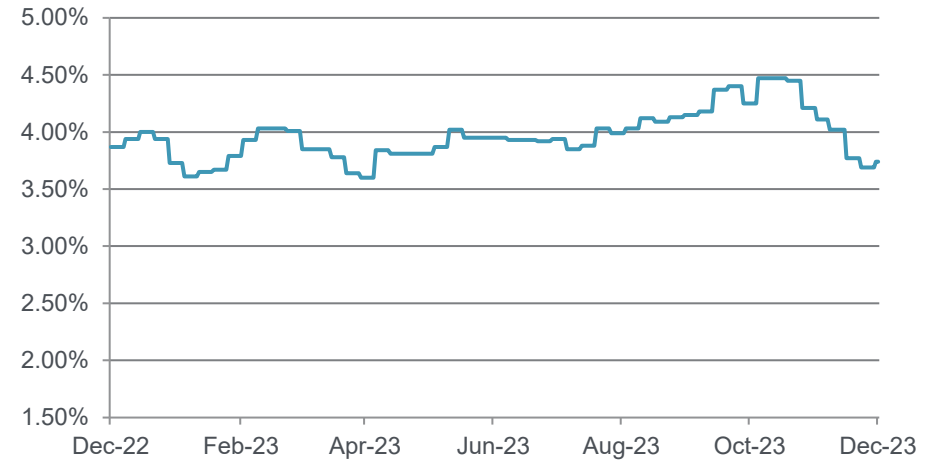
SIFMA/SOFR Ratio



Source: SIFMA, Bloomberg

Long-Term Rates

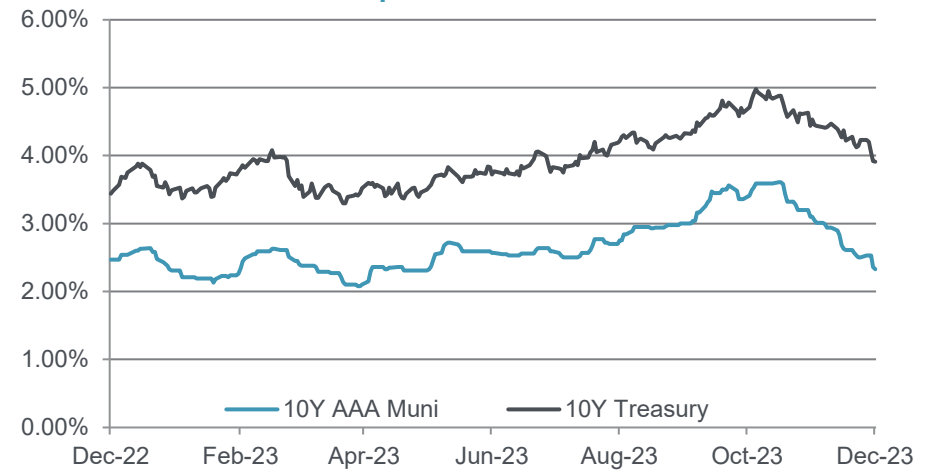
The Bond Buyer Revenue Bond Index



Source: Bond Buyer

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"

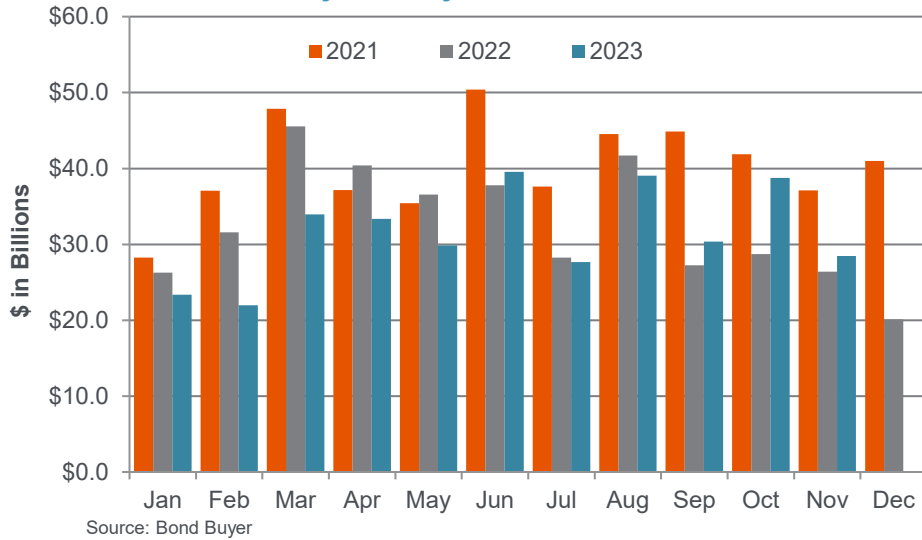
Bloomberg's BVAL AAA Callable Curve (Muni) is the yield curve of the highest-rated ("AAA" GO) municipal bonds

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

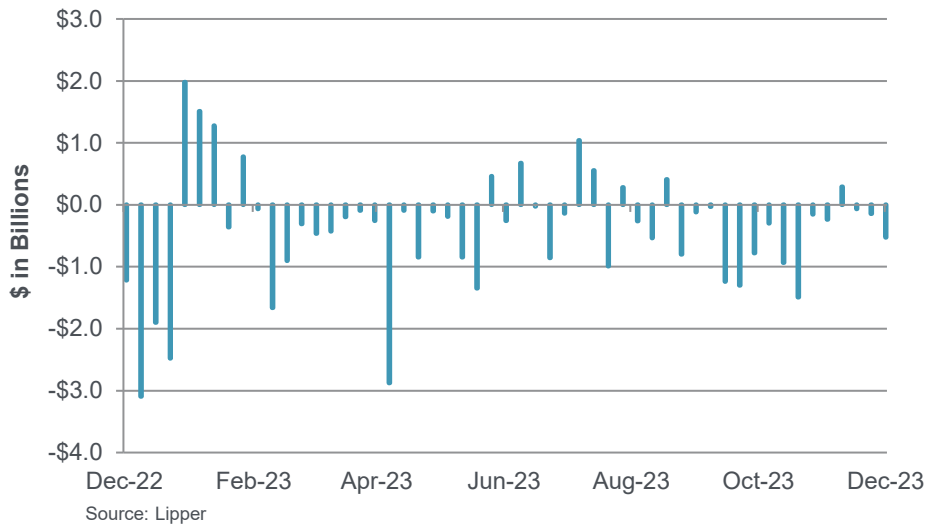
Primary Monthly Issuance Volume



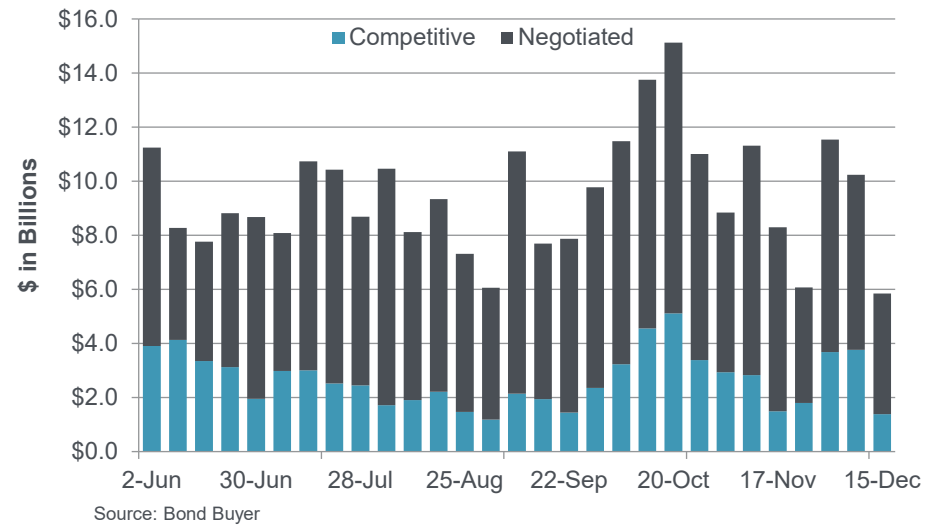
Economic Outlook

Monday, December 18	Tuesday, December 19	Wednesday, December 20
Housing Market Index	Housing Starts / Permits	Consumer Confidence
	Treasury Int'l Capital	Existing Home Sales
		EIA Petroleum Status
Thursday, December 21	Friday, December 22	Reference Key
GDP	Durable Goods Orders	Market Moving Indicator
Jobless Claims	Personal Income / Outlays	Merits Extra Attention
Phila Fed Mfg Index	New Home Sales	Source: Bloomberg.com
EIA Natural Gas Report	Consumer Sentiment	

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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