

# Public Finance Market Comment

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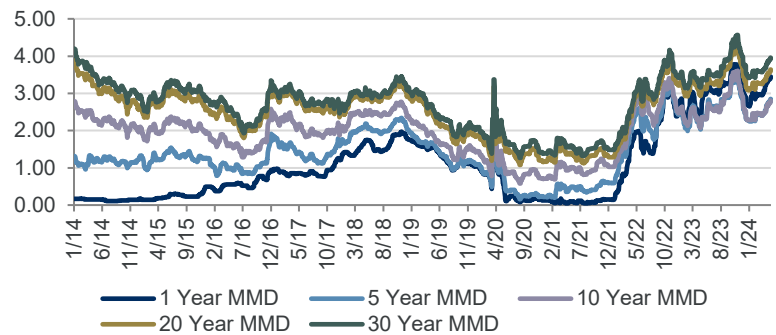
**Inflation data is the most important data this week. Specifically, the markets will be hyper focused on two important inflation reports, PPI and CPI.** Mixed data prints last week set up an already volatile week for the markets. The data will test the markets resolve as rates were in a holding pattern last week. In addition to the inflation data, there is also a retail sales figure on Wednesday. **The market is fully in a data dependent mode as it tries to assess the timing of the Fed's first interest rate cut.** Currently the markets are pricing in the first easing in September but if inflation is higher that could be moved out to December, following the election. **Recent data showed weakness in labor markets and that has given hope to the market that the Fed is still on track to ease sometime by year end. Regardless, this will be a volatile week.**

**Last week**, Treasuries were higher by 4 basis points in 5 years, unchanged in 10 years, and lower by 2 basis points in 30 years. Municipal yields were lower by 6 basis points in 5 years, lower by 4 basis point in 10 years, and lower by 9 basis points in 30 years. **Ratios vs. Treasuries** ended the week slightly tighter. The five-year spot is at 63% of Treasuries, the ten-year spot is at 60% of Treasuries, and the thirty-year spot ended the week at 81% of comparable Treasuries. **This week's supply** totals \$11.5 bln, lower than last week's \$12 bln calendar. **U.S. municipal bond funds** reported \$1.1 bln of net inflows in the week ended May 8<sup>th</sup>, after an inflow of \$515 mln last week, according to data released by Lipper on Thursday. The SIFMA Index was lower by 48 basis points at 3.17% from last week.

## KEY INTEREST RATES

Rate	Today 5/10/2024	Last Week 5/3/2024	Last Month 4/10/2024	Last Year 5/10/2023
Federal Funds Rate	5.50	5.50	5.50	5.25
Prime Rate	8.50	8.50	8.50	8.25
LIBOR (1 month)	5.43	5.44	5.43	5.11
LIBOR (3 month)	5.58	5.59	5.56	5.34
SIFMA	3.17	3.65	3.67	3.04
SIFMA/1 M LIBOR %	58.3	67.1	67.5	59.5
B.B. 20 Bond Index	3.93	4.07	3.68	3.53
B.B. Rev. Index	4.22	4.36	3.96	3.81
30-Day Visible Supply	16.5 B	14.9 B	11.8 B	10.3 B
10-Year MMD	2.71	2.75	2.72	2.31

## AAA-RATED GENERAL OBLIGATION TAX-EXEMPT RATES



## GENERAL OBLIGATION TAX-EXEMPT BOND MARKETS

Year	AAA Tax-Exempt	Current Tax-Exempt Credit Spreads			1 Month Ago Tax-Exempt Credit Spreads			1 Year Ago Tax-Exempt Credit Spreads		
		AA	A	BBB	AA	A	BBB	AA	A	BBB
1	3.23	0.01	0.07	0.44	0.01	0.07	0.46	0.03	0.14	0.49
5	2.72	0.02	0.15	0.56	0.02	0.15	0.58	0.08	0.22	0.59
10	2.71	0.07	0.31	0.80	0.07	0.31	0.83	0.16	0.36	0.90
20	3.47	0.17	0.40	0.85	0.17	0.40	0.90	0.34	0.55	0.99
30	3.77	0.18	0.41	0.87	0.18	0.41	0.92	0.37	0.57	1.01

## GENERAL OBLIGATION TAXABLE MARKET

Year	Treasury	AAA Taxable	65% Taxable	Spread to AAA Tax-Exempt	SOFR Fixed/Float Swap	70% SOFR Fixed/Float Swap	SIFMA
1	5.17	4.90	3.19	-0.04	5.17	3.62	3.44
5	4.51	4.98	3.24	0.52	4.28	3.00	3.11
10	4.50	5.18	3.37	0.66	4.13	2.89	3.16
20	4.74	5.50	3.58	0.11	4.08	2.86	3.30
30	4.64	5.61	3.65	-0.12	3.88	2.72	3.29