

HIGHER EDUCATION MARKET UPDATE

Market Commentary

•Last week, 3 issues priced in the higher education sector, with a total par amount of \$587.1 million.

•A hawkish twist by the Fed, followed by moderating labor data, clouds the rate forecast picture once again this year. The Fed admitted last week that the inflation fight is far from over, further pressuring rates midweek. The Fed's hawkish pivot last week continued to feed the narrative of pushing out the first rate cut until later this year. However, Friday's unemployment report showed cracks in the labor market and job growth slowed to the smallest gain in six months. The moderating trend in labor is certainly a good thing for the Fed, but inflation is still the 800-pound gorilla that can't be tamed. The Friday number moves the timing of a first cut squarely to September from November. This week, the important data will be US Treasury supply in the form of three, ten and thirty-year bond auctions.

•For the week, U.S. Treasury rates were lower by 19 bps in 5 years, 16 bps in 10 years and 11 bps in 30 years. This week, the calendar is approximately \$12 billion.

•For the week, municipal bond funds reported \$515 million in net inflows compared to the previous week's inflows of \$200 million.

Key Interest Rates (%)

| Description | Last Close | 1mth ago | 1yr ago | 5yrs ago |
|------------------------|------------|----------|---------|----------|
| Prime Rate | 8.50 | 8.50 | 8.00 | 5.50 |
| SOFR | 5.31 | 5.32 | 4.81 | 2.42 |
| SIFMA Index | 3.65 | 3.64 | 3.45 | 2.12 |
| 12-month Treasury Note | 5.12 | 5.03 | 4.63 | 2.38 |
| 2-year Treasury Bond | 4.82 | 4.67 | 3.80 | 2.29 |
| 3-year Treasury Bond | 4.65 | 4.49 | 3.50 | 2.25 |
| 5-year Treasury Bond | 4.50 | 4.33 | 3.30 | 2.26 |
| 10-year Treasury Bond | 4.51 | 4.35 | 3.34 | 2.47 |
| 30-year Treasury Bond | 4.66 | 4.51 | 3.68 | 2.89 |

Source: Bloomberg

Tax-Exempt AAA General Obligation Yields (%)

| Index | Last Close | 1mth ago | 1yr ago | 5yrs ago |
|-----------------------|------------|----------|---------|----------|
| 1-year AAA G.O. Rate | 3.32 | 3.34 | 3.00 | 1.54 |
| 2-year AAA G.O. Rate | 3.14 | 3.11 | 2.69 | 1.55 |
| 3-year AAA G.O. Rate | 2.97 | 2.90 | 2.50 | 0.95 |
| 5-year AAA G.O. Rate | 2.78 | 2.68 | 2.36 | 1.19 |
| 10-year AAA G.O. Rate | 2.75 | 2.63 | 2.36 | 1.85 |
| 30-year AAA G.O. Rate | 3.86 | 3.78 | 3.39 | 2.77 |

Source: Thomson Reuters

5/6/2024

Recent Higher Education Pricings

| Issuer | State | Description | Par (000s) | Final Maturity | Tax Status | 10YR/30YR Spreads | Ratings |
|---|-------|---|------------|----------------|------------|-------------------|-----------------|
| Board of Regents of the Texas A & M University System | TX | Revenue Financing System Bonds, Series 2024A | 427,395 | 5/15/2054 | Tax-exempt | 19 / -- | Aaa / AAA / AAA |
| Board of Trustees for Colorado Mesa University | CO | Institutional Enterprise Revenue Refunding Bonds, Series 2024A (Colorado State Intercept Program) | 9,240 | 5/15/2039 | Tax-exempt | 30 / -- | Aa2 / NR / NR |
| University of Massachusetts Building Authority | MA | Project Revenue Bonds, Senior Series 2024-1 | 150,480 | 6/1/2054 | Tax-exempt | -4 / -- | Aa2 / AA- / AA |

Source: Thomson Reuters; "10YR/30YR Spreads" reflects the respective basis point spread over the AAA G.O. MMD Curve for tax-exempt issuances and over the US Treasury Curve for taxable issuances. "--" reflects no overlapping maturity to spread for the respective year.

Upcoming Higher Education Pricings

| Issuer | State | Description | Par (000s) | Sale Date | Sale Type | Ratings |
|--|-------|---|------------|-----------|------------|-------------|
| Florida Bd of Governors | FL | Florida State University Athletics Association Revenue Bonds, Series 2024A | 291,585 | | Negotiated | --/-- |
| Florida Bd of Governors | FL | Florida State University Athletics Association Revenue Bonds, Series 2024B (Taxable) | 35,000 | | Negotiated | --/-- |
| Illinois Finance Authority | IL | Revenue Bonds, The University of Chicago, Series 2024 | 946,230 | 5/8/2024 | Negotiated | Aa2/AA-/AA+ |
| Miami University (A State University of Ohio) | OH | General Receipts Revenue and Refunding Bonds, Series 2024A | 74,800 | 5/7/2024 | Negotiated | Aa3/--AA |
| Redevelopment Authority of the City of Bethlehem | PA | University Revenue Bonds (Moravian University Project), Series 2024 | 40,790 | 5/9/2024 | Negotiated | --/BBB+/- |
| Arizona Board of Regents | AZ | Refunding Certificates of Participation (Northern Arizona University Projects), Series 2024 | 26,410 | 5/7/2024 | Negotiated | A1/AA/-- |
| Allegany County Capital Resource Corporation | NY | Revenue Bonds (Alfred University Project), Series 2024 | 20,070 | 5/9/2024 | Negotiated | --/BBB+/- |

Source: Thomson Reuters

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