

Public Finance Market Comment

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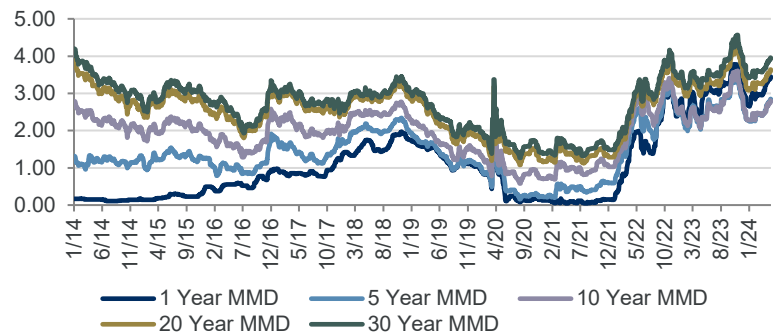
A hawkish twist by the Fed, followed by moderating labor data, clouds the rate forecast picture once again this year. The Fed admitted last week that the inflation fight is far from over, further pressuring rates midweek. **The Fed's hawkish pivot last week continued to feed the narrative of pushing 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 UST supply in the form of three, ten and thirty-year bond auctions.

Last week, Treasuries were lower by 19 basis points in 5 years, lower by 16 basis points in 10 years, and lower by 11 basis points in 30 years. Municipal yields were lower by 7 basis points in 5 years, lower by 6 basis point in 10 years, and lower by 10 basis points in 30 years. **Ratios vs. Treasuries** ended the week slightly higher. The five-year spot is at 62% of Treasuries, the ten-year spot is at 61% of Treasuries, and the thirty-year spot ended the week at 83% of comparable Treasuries. **This week's supply** totals \$12 bln, higher than last week's \$7 bln calendar. **U.S. municipal bond funds** reported \$515 mln of net inflows in the week ended May 1st, after an inflow of \$200 mln last week, according to data released by Lipper on Thursday. The SIFMA Index was lower by 12 basis points at 3.65% from last week.

KEY INTEREST RATES

Rate	Today 5/3/2024	Last Week 4/26/2024	Last Month 4/3/2024	Last Year 5/3/2023
Federal Funds Rate	5.50	5.50	5.50	5.25
Prime Rate	8.50	8.50	8.50	8.00
LIBOR (1 month)	5.44	5.43	5.44	5.08
LIBOR (3 month)	5.59	5.59	5.57	5.33
SIFMA	3.65	3.77	3.64	3.45
SIFMA/1 M LIBOR %	67.1	69.4	66.9	67.9
B.B. 20 Bond Index	4.07	4.07	3.58	3.53
B.B. Rev. Index	4.36	4.36	3.86	3.81
30-Day Visible Supply	14.9 B	9.7 B	11.0 B	7.3 B
10-Year MMD	2.75	2.81	2.63	2.36

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	3.32	0.01	0.07	0.44	0.01	0.07	0.46	0.03	0.14	0.49
5	2.78	0.02	0.15	0.56	0.02	0.15	0.58	0.08	0.22	0.59
10	2.75	0.07	0.31	0.80	0.07	0.31	0.83	0.16	0.36	0.90
20	3.56	0.17	0.40	0.85	0.17	0.40	0.90	0.34	0.55	0.99
30	3.86	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	5.12	4.86	3.16	-0.16	5.40	3.78	3.43
5	4.50	4.96	3.22	0.44	4.46	3.12	3.10
10	4.51	5.19	3.37	0.62	4.38	3.07	3.16
20	4.76	5.51	3.58	0.02	4.36	3.05	3.31
30	4.66	5.62	3.65	-0.21	4.16	2.91	3.31