



Municipal Market Update

March 2024 Monthly Report



MARKET COMMENTARY

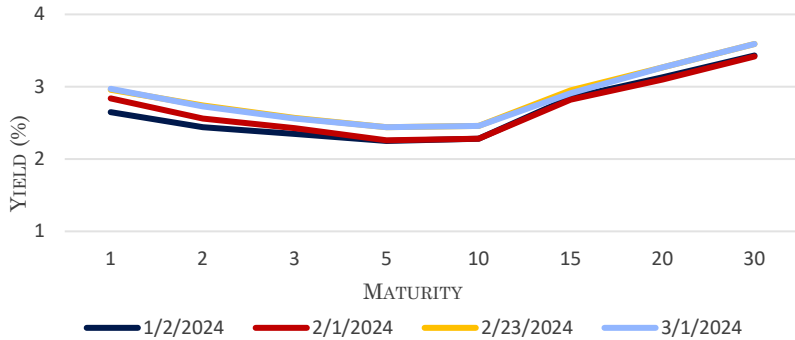
Tax-exempt AAA benchmark yields were between 13 and 17 bps higher in February as market expectations on the timing of Federal Reserve rate cuts shifted following the hotter than expected CPI, PPI and January employment reports. The minutes from the January Federal Reserve meeting indicated that the members are maintaining a cautious tone as they remain fearful of moving too quickly with inflation remaining stubbornly above their 2% target rate. Markets have reluctantly come to the realization that a cut at the March meeting is off the table and more than likely to kick off at the June meeting. Fed Fund futures contracts currently estimated a 20% chance of a 25 bp cut in May and a 53% chance of a 25 bp cut in June.

Muni volume for February grew 25% year/year but that had more to do with very low issuance in February 2023 (\$22.0 billion) than a robust February 2024 (\$27.6 billion). Volume in February 2023 was the second lowest for the month of February in a decade. 30-day visible supply remains manageable at just under \$10 billion but is expected to increase this month based on historic issuance. Market participants expect muni yields to cheapen (higher yields, lower prices) over the next 30-60 days due to expected higher volume, expensive valuations and the historic selling pressures around covering April tax liabilities. Volume for the week of March 4th is estimated at \$6.1 billion, down from \$7.3 billion last week.

On the demand side, reports of inflows to municipal bond funds remains mixed depending on which service you subscribe to. For the week ending February 21st, the Investment Company Institute (ICI) reported positive flows of \$530 million marking the seventh straight week of inflows. ICI also reported \$305 million of inflows to exchange traded funds. However, LSEG Lipper has reported three consecutive weeks of outflows. More importantly, Bank of America strategists are projecting net negative supply for the month of March with \$32 billion of new issuance versus \$39 billion of bond redemptions and interest payments. This continues a trend of net negative supply that has helped to reduce volatility and produce outperformance in munis year to date.

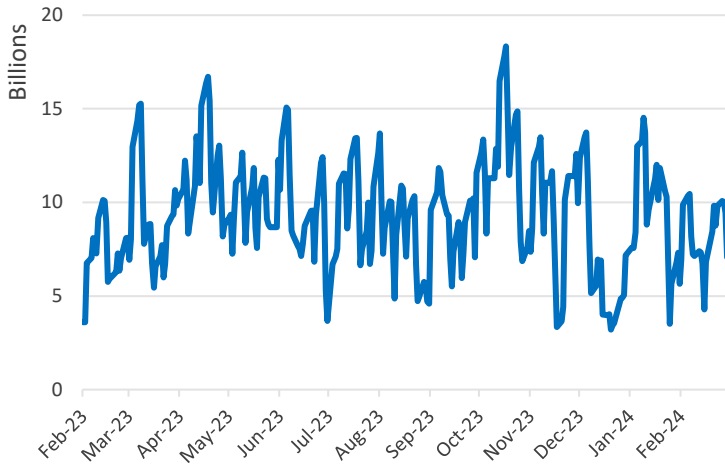
CURRENT MARKET DATA

AAA GO YIELD COMPARISON

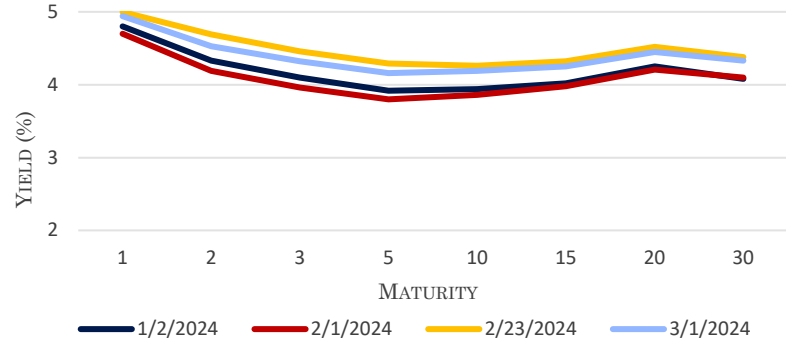


AAA Rated GO	AAA GO Yields (%)				5 day chg. (bps)	1 mo. chg. (bps)	YTD chg. (bps)
	3/1/2024	2/23/2024	2/1/2024	1/2/2024			
1 yr AAA GO	2.97	2.96	2.84	2.65	0.01	0.13	0.32
5 yr AAA GO	2.44	2.44	2.26	2.25	0.00	0.18	0.19
10 yr AAA GO	2.46	2.46	2.28	2.28	0.00	0.18	0.18
20 yr AAA GO	3.27	3.27	3.10	3.13	0.00	0.17	0.14

30-DAY VISIBLE SUPPLY (BILLIONS)

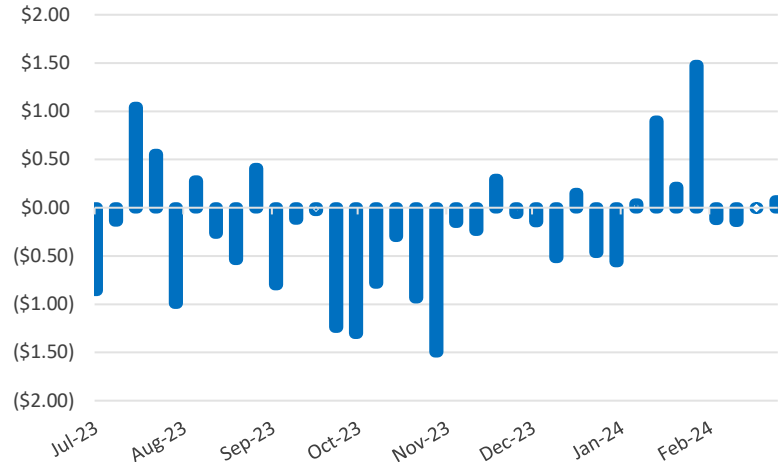


TREASURY YIELDS



Treasury Yields (%)	Treasury Yields (%)				5 day chg. (bps)	1 mo. chg. (bps)	YTD chg. (bps)
	3/1/2024	2/23/2024	2/1/2024	1/2/2024			
1 yr Treasury	4.94	5.00	4.70	4.80	(0.06)	0.24	0.14
5 yr Treasury	4.16	4.29	3.80	3.92	(0.13)	0.36	0.24
10 yr Treasury	4.19	4.26	3.86	3.94	(0.07)	0.33	0.25
30 yr Treasury	4.33	4.38	4.10	4.08	(0.05)	0.23	0.25

MUNICIPAL BOND FUND FLOWS (BILLIONS)



MUNISTAT RECENT SALES

Bond Transactions

Connecticut Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Average Life	TIC
2/6/2024	T/O Manchester	AAA/AA+	\$25,000,000	2/1/2044	Competitive	10.461	3.18%
2/29/2024	C/O Torrington	AA-	\$14,000,000	3/15/2044	Competitive	10.780	3.10%

New York Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Average Life	TIC
2/8/2024	Cold Spring Harbor CSD *	N/R	\$7,670,000	6/15/2024	Competitive	0.314	6.91% **
2/28/2024	V/O Saltaire	AAA	\$2,750,000	12/15/2043	Competitive	11.853	3.30%
2/29/2024	Miller Place UFSD	Aa2	\$15,000,000	3/15/2053	Competitive	11.289	3.53% **
2/29/2024	Orange County	AA+	\$28,136,178	3/1/2037	Competitive	7.564	2.75%

Note Transactions

Connecticut Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Term	NIC
2/6/2024	T/O Manchester	FI+/SP-1+	\$13,720,814	2/13/2025	Competitive	358 Days	3.30%
2/29/2024	C/O Torrington	SP-1+	\$34,350,000	3/13/2025	Competitive	359 Days	3.16%

New York Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Term	NIC
2/7/2024	T/O Riverhead	N/R	\$20,000,000	2/21/2025	Competitive	360 Days	3.33%
2/13/2024	V/O Nyack	N/R	\$7,090,000	2/21/2025	Competitive	360 Days	3.45%
2/15/2024	V/O Greenwood Lake	N/R	\$160,000	2/27/2025	Competitive	360 Days	4.04%
2/21/2024	V/O Hillburn	N/R	\$443,000	3/6/2025	Competitive	360 Days	3.87%
2/22/2024	C/O Kingston	N/R	\$11,500,000	3/5/2025	Competitive	360 Days	3.37%
2/22/2024	T/O Colonie	N/R	\$37,787,275	3/7/2025	Competitive	360 Days	3.31%
2/27/2024	T/O Southampton	N/R	\$2,632,000	3/7/2025	Competitive	360 Days	3.23%
2/28/2024	V/O Highland Falls	N/R	\$4,444,495	3/12/2025	Competitive	360 Days	3.51%

*Federally Taxable.

**Net Interest Cost (NIC).

MUNISTAT SERVICES, INC.

Munistat, established in 1977, is one of the longest tenured independent municipal advisory firms in the Country. With offices in Port Jefferson Station, NY and Madison, CT, we offer our services to municipalities, school districts and other not-for-profit organizations specializing in capital planning and the sale of bonds, notes, leases and cash flow borrowings to the investor community.

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We currently service over 200 units of government acting as municipal advisor on borrowings as well as dissemination agent on continuing disclosure obligations. In 2023, we advised on approximately \$2.4 billion in par value and were ranked as **the #9 municipal advisor in the Country** by number of transactions.

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