



Municipal Market Update

August 2023 Monthly Report



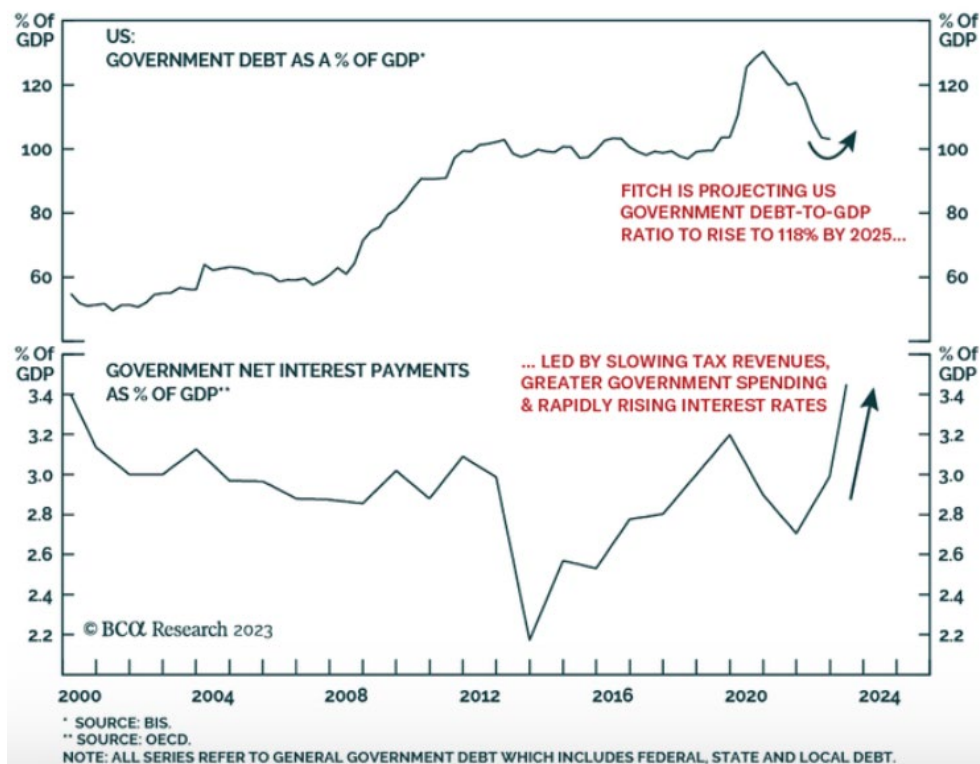
MARKET COMMENTARY

The surprise Fitch downgrade of the US sovereign debt was called “arbitrary” and based on “outdated data” from Treasury Secretary Yellen. After the release, many market participants questioned the timing and did not think that it would have a significant impact on the bond market. However, we have seen volatility in yields in certain parts of the curve since the news, along with wider spreads on bids for bond and note sales, while the market again searches for price discovery.

Fitch’s reason for the downgrade: “There has been a steady deterioration in standards of governance over the last 20 years, including on fiscal and debt matters, notwithstanding the June bipartisan agreement to suspend the debt limit until January 2025. The repeated debt-limit political standoffs and last-minute resolutions have eroded confidence in fiscal management.”

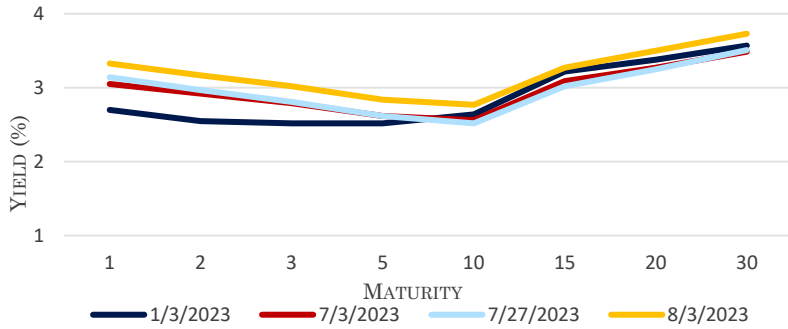
S&P made a similar move in 2012, primarily for the same reason.

Deficits, debt and rising interest rates are a bad combination. Because of the relatively short maturity of the federal government’s debt, approximately \$750 billion needs to be refinanced every quarter. The treasury also issued an additional \$350 billion to fund the current deficit. The Bureau of Economic Analysis reported that from the first quarter of 2022 to 2023, interest payments alone from the federal government rose from \$603 billion to \$929 billion, an increase of over 54%.



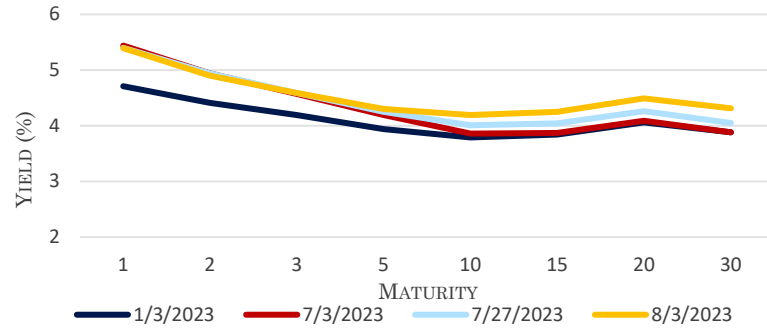
CURRENT MARKET DATA

AAA GO YIELD COMPARISON



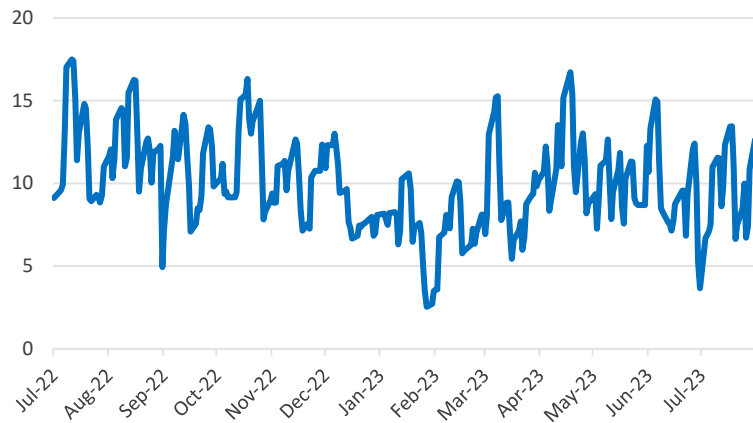
AAA Rated GO	AAA GO Yields (%)				5 day chg. (bps)	1 mo. chg. (bps)	YTD chg. (bps)
	8/3/2023	7/27/2023	7/3/2023	1/3/2023			
1 yr AAA GO	3.33	3.14	3.05	2.70	0.19	0.28	0.63
5 yr AAA GO	2.84	2.62	2.62	2.52	0.22	0.22	0.32
10 yr AAA GO	2.77	2.52	2.56	2.64	0.25	0.21	0.13
20 yr AAA GO	3.50	3.25	3.27	3.38	0.25	0.23	0.12

TREASURY YIELDS

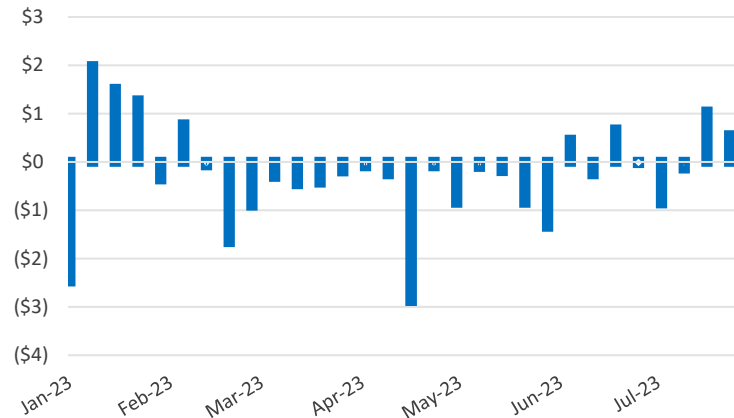


	Treasury Yields (%)				5 day chg. (bps)	1 mo. chg. (bps)	YTD chg. (bps)
	8/3/2023	7/27/2023	7/3/2023	1/3/2023			
1 yr Treasury	5.39	5.40	5.44	4.71	(0.01)	(0.05)	0.68
5 yr Treasury	4.30	4.25	4.19	3.94	0.05	0.11	0.36
10 yr Treasury	4.19	4.01	3.86	3.79	0.18	0.33	0.40
30 yr Treasury	4.31	4.05	3.88	3.88	0.26	0.43	0.43

30-DAY VISIBLE SUPPLY (BILLIONS)



MUNICIPAL BOND FUND FLOWS (BILLIONS)



MUNISTAT RECENT SALES

Bond Transactions

Connecticut Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Average Life	TIC
7/13/2023	T/O North Branford	AA+	\$14,975,000	8/1/2043	Competitive	11.288	3.39%
7/18/2023	T/O Guilford	AAA/AAA	\$5,000,000	8/1/2038	Competitive	8.546	2.94%
7/27/2023	Metropolitan District (MDC)	Aa2/AA	\$84,755,000*	8/1/2043	Competitive	12.043	3.37%

Note Transactions

Connecticut Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Term	NIC
7/12/2023	T/O Enfield	SP-1+	\$21,500,000	8/2/2024	Competitive	359 Days	3.53%
7/13/2023	T/O North Branford	SP-1+	\$24,805,000	8/2/2024	Competitive	359 Days	3.53%
7/18/2023	T/O Guilford	SP-1+/F1+	\$2,650,000	8/2/2024	Competitive	359 Days	3.62%

New York Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Term	NIC
7/6/2023	Mount Sinai UFSD	N/R	\$11,300,000	6/27/2024	Competitive	337 Days	3.85%
7/11/2023	T/O Cornwall	N/R	\$4,335,000	7/19/2024	Competitive	359 Days	3.94%
7/12/2023	County of Clinton	N/R	\$5,208,087	7/26/2024	Competitive	1 Year	3.88%
7/18/2023	V/O South Blooming Grove	N/R	\$1,675,000	4/12/2024	Competitive	256 Days	3.63%
7/20/2023	T/O Ossining	N/R	\$3,471,502	8/2/2024	Competitive	359 Days	3.83%
7/25/2023	T/O Monroe	N/R	\$2,700,000	8/2/2024	Competitive	1 Year	3.87%
7/26/2023	V/O Highland Falls	N/R	\$83,000	8/9/2024	Competitive	359 Days	4.59%

*Par amount was resized

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 2022, we advised on approximately \$2.5 billion in par amount and were ranked in the Top 10 amongst all Advisors in the Country in terms of the amount of transactions.

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