



Municipal Market Update

February 2025 Monthly Report



MARKET COMMENTARY

Fed Pauses Interest Rate Cuts

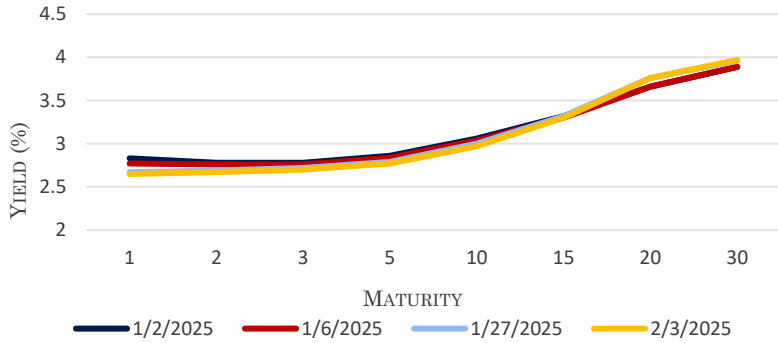
As widely expected, the Fed opted to keep rates unchanged during the January FOMC meeting. The Fed has further signaled a “pause” on rate cuts for the next several months. Most economists predict the next rate cut will not occur until June 2025. Continued levels of high inflation combined with a strong labor market imply that the Fed does not need to aggressively cut interest rates. Future markets are now predicting a 66% chance of two rate cuts for all of 2025. However, the big wild card in the Fed’s approach will be the impact of the ongoing trade wars spearheaded by the new administration’s policy of implementing tariffs on some of our biggest trade partners. How these tariffs impact inflation is yet to be seen. If inflation rises as many expect, the Fed may need to pivot once again.

2025 Gearing up to be another Record Year for Issuance

Last year we saw a record year of supply of \$508 billion in new issuance. The municipal market is anticipating another record-breaking year of issuance in 2025 and we are off to a fast start. January’s volume was \$35.2 billion, up approximately 11% from issuance in January 2024. Part of the reason for the increase in issuance is the depletion of COVID-19 relief funds. Many municipalities were able to defer borrowings by putting stimulus funding to use. Rising inflation has also increased the costs of projects thus leading to more borrowing. Another reason for the increase in borrowing is the desire to get ahead of the expected volatility due to the administration’s new fiscal and monetary policies. As the administration looks for revenue sources to fund their initiatives, eliminating the tax exemption of municipal debt has surfaced as one possible outcome. The looming threat of the elimination of the tax-exemption status on bonds could lead borrowers to rush to market by year end before potential higher costs of borrowing presents itself.

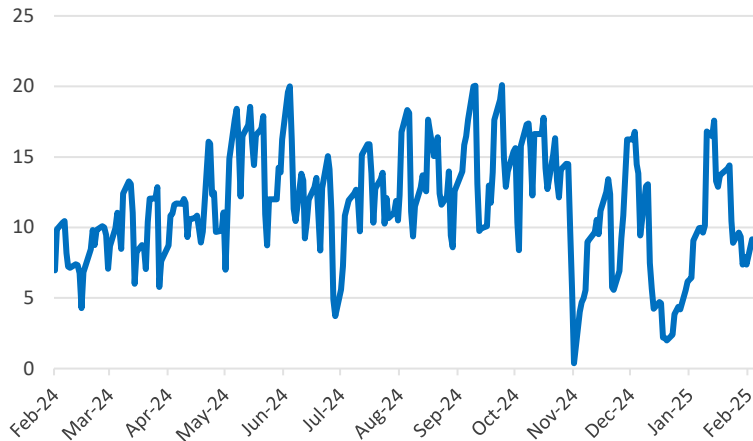
CURRENT MARKET DATA

AAA GO YIELD COMPARISON

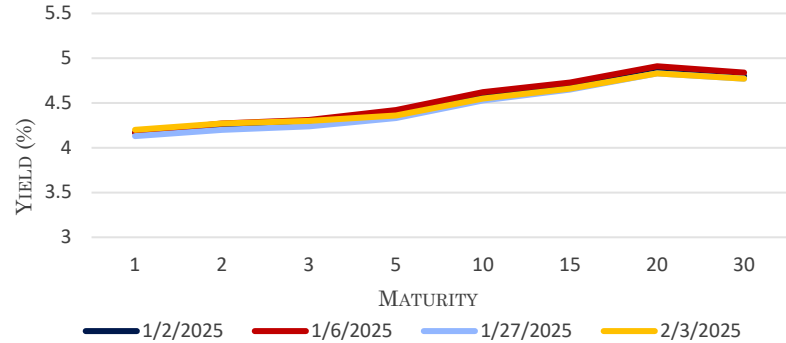


AAA Rated GO	AAA GO Yields (%)				5 day chg. (bps)	1 mo. chg. (bps)	YTD chg. (bps)
	2/3/2025	1/27/2025	1/6/2025	1/2/2025			
1 yr AAA GO	2.65	2.67	2.77	2.83	(0.02)	(0.12)	(0.18)
5 yr AAA GO	2.77	2.79	2.84	2.86	(0.02)	(0.07)	(0.09)
10 yr AAA GO	2.97	3.00	3.04	3.06	(0.03)	(0.07)	(0.09)
20 yr AAA GO	3.76	3.76	3.66	3.66	0.00	0.10	0.10

30-DAY VISIBLE SUPPLY (BILLIONS)

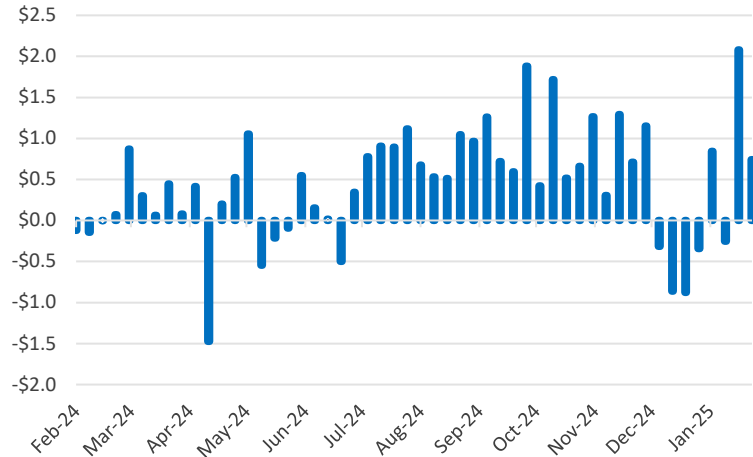


TREASURY YIELDS



Treasury Yields (%)	Treasury Yields (%)				5 day chg. (bps)	1 mo. chg. (bps)	YTD chg. (bps)
	2/3/2025	1/27/2025	1/6/2025	1/2/2025			
1 yr Treasury	4.20	4.13	4.17	4.17	0.07	0.03	0.03
5 yr Treasury	4.36	4.33	4.42	4.38	0.03	(0.06)	(0.02)
10 yr Treasury	4.55	4.53	4.62	4.57	0.02	(0.07)	(0.02)
30 yr Treasury	4.77	4.77	4.84	4.80	0.00	(0.07)	(0.03)

MUNICIPAL BOND FUND FLOWS (BILLIONS)



MUNISTAT RECENT SALES

Bond Transactions

Connecticut Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Average Life	TIC
1/14/2025	T/O Stratford	AA-/A+	\$15,750,000	1/15/2045	Competitive	10.431	3.65%
1/16/2025	T/O Clinton	AA+	\$2,150,000	1/15/2045	Competitive	10.575	3.68%
1/23/2025	T/O Greenwich	Aaa/AAA	\$40,000,000	1/15/2030	Competitive	2.942	2.59%

New York Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Average Life	TIC
1/8/2025	Deer Park UFSD - Taxable	Aa3	\$2,250,000	1/15/2032	Competitive	4.167	4.87%
1/15/2025	Manhasset-Lakeville FD	Aa1	\$8,500,000	12/15/2044	Competitive	11.619	3.69%
1/15/2025	T/O Clarkstown	AA	\$2,625,000	1/15/2045	Competitive	12.306	3.75%
1/29/2025	Baldwin UFSD	Aa2	\$11,600,000	2/1/2040	Competitive	8.806	3.29%

Note Transactions

Connecticut Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Term	NIC
1/4/2025	T/O Stratford	SP-1+	\$19,285,000	1/28/2026	Competitive	359 Days	3.10%
1/23/2025	T/O Greenwich	MIG-1/SP-1+	\$120,000,000	2/5/2026	Competitive	359 Days	2.70%

New York Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Term	NIC
1/7/2025	V/O Sag Harbor	N/R	\$3,000,000	1/16/2026	Competitive	360 Days	3.06%
1/7/2025	T/O Philipstown - Series A	N/R	\$1,279,469	1/16/2026	Competitive	360 Days	3.86%
1/8/2025	Hauppauge UFSD	N/R	\$5,300,000	1/21/2026	Competitive	360 Days	3.26%
1/9/2025	Port Jefferson UFSD	MIG-1	\$11,400,000	1/23/2026	Competitive	360 Days	3.25%
1/14/2025	T/O Goshen	N/R	\$1,880,000	4/24/2025	Competitive	92 Days	3.87%
1/15/2025	V/O New Paltz	N/R	\$800,000	1/30/2026	Competitive	360 Days	3.70%
1/16/2025	T/O Newburgh	N/R	\$6,300,000	1/30/2026	Competitive	360 Days	3.21%
1/16/2025	Mastic FD	N/R	\$1,250,000	2/4/2026	Competitive	360 Days	3.45%
1/22/2025	V/O Larchmont	N/R	\$425,000	2/5/2026	Competitive	360 Days	3.66%
1/23/2025	V/O Greenport	N/R	\$3,200,000	2/5/2026	Competitive	360 Days	3.23%

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.

We are a SEC and MSRB registered municipal advisory firm and not affiliated with any investment banking firm or other financial institution. Munistat was one of the first members of the National Association of Independent Public Finance Advisors (now “NAMA”) and has been instrumental in developing and promoting the professional and ethical standards of the industry.

We currently service over 200 units of government acting as municipal advisor on borrowings as well as dissemination agent on continuing disclosure obligations. In 2024, we advised on approximately \$3.1 billion in par value and were ranked as **the #8 municipal advisor in the Country** by number of transactions.

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