



Municipal Market Update

May 2025 Monthly Report



MARKET COMMENTARY

Federal Reserve Holds Interest Rates Steady Amid Trade Policy Concerns

In its May 2025 meeting, the Federal Reserve maintained the federal funds rate at 4.25%–4.50%, marking the third consecutive pause following rate cuts in late 2024. Chair Jerome Powell emphasized a "wait and see" approach, citing uncertainties stemming from the Trump administration's tariff policies. These tariffs are contributing to inflationary pressures, complicating the Fed's path forward.

Economic indicators present a mixed picture:

- **Inflation:** The Core Personal Consumption Expenditures (PCE) index stands at 2.6% year-over-year, above the Fed's 2% target.
- **Labor Market:** April saw the addition of 177,000 jobs, with unemployment steady at 4.2%.
- **GDP:** The first quarter of 2025 experienced a 0.3% annualized contraction, caused by a surge in imports ahead of new tariffs.

Market expectations for rate cuts later in the year have diminished, with futures markets now pricing in a 66% chance of two cuts in 2025, down from earlier projections.

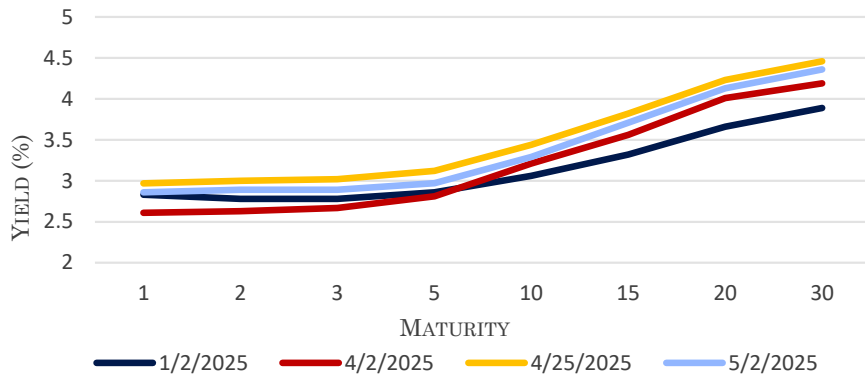
Municipal Bond Market:

As of early May 2025, the municipal bond market continues to experience strong issuance, with projections nearing \$500 billion for the year. This is driven by accelerated infrastructure initiatives, expiration of stimulus funding, rising project costs, and issuer urgency amid potential changes to the tax-exempt status of municipal bonds. Investor sentiment remains mixed—after significant inflows earlier in the year, April saw net outflows of \$3.4 billion, influenced by tax season and rate uncertainty. Yield curves have flattened slightly, with both short- and long-term yields declining by about 10 basis points. Performance has favored shorter-duration bonds, while longer maturities underperformed.

Overall, the bond market is navigating a complex landscape shaped by steady interest rates, inflationary pressures from trade policies, and shifts in municipal financing strategies.

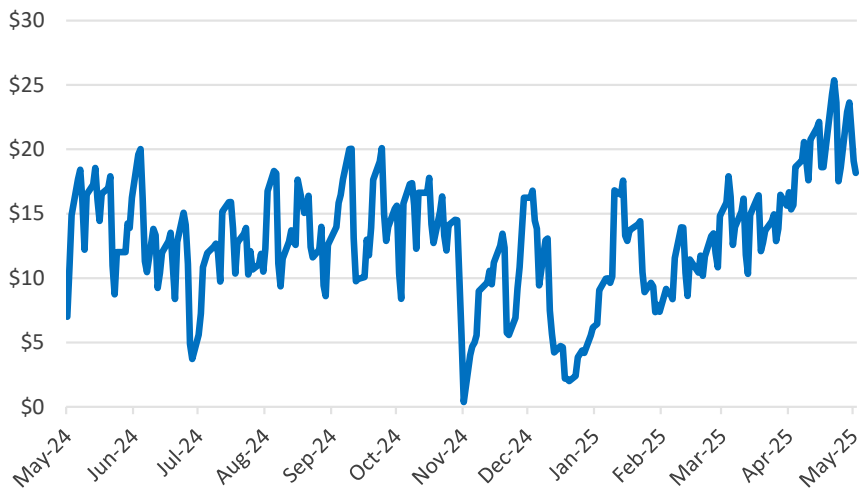
CURRENT MARKET DATA

AAA GO YIELD COMPARISON

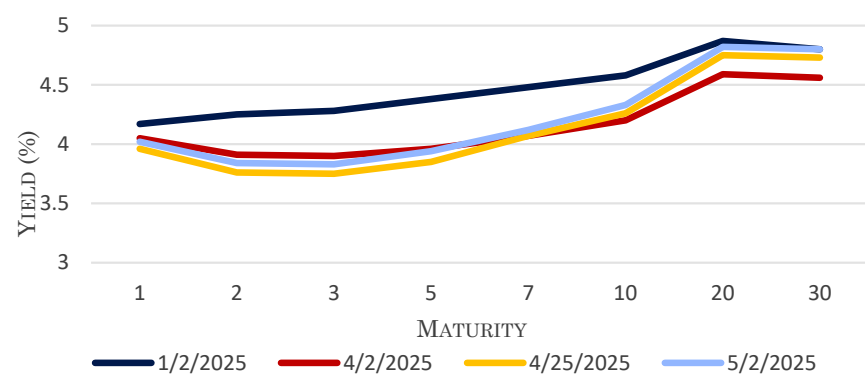


AAA Rated GO	AAA GO Yields (%)				5 day chg. (bps)	1 mo. chg. (bps)	YTD chg. (bps)
	5/2/2025	4/25/2025	4/2/2025	1/2/2025			
1 yr AAA GO	2.86	2.97	2.61	2.83	(0.11)	0.25	0.03
5 yr AAA GO	2.97	3.12	2.81	2.86	(0.15)	0.16	0.11
10 yr AAA GO	3.29	3.44	3.21	3.06	(0.15)	0.08	0.23
20 yr AAA GO	4.13	4.23	4.01	3.66	(0.10)	0.12	0.47

30-DAY VISIBLE SUPPLY (BILLIONS)

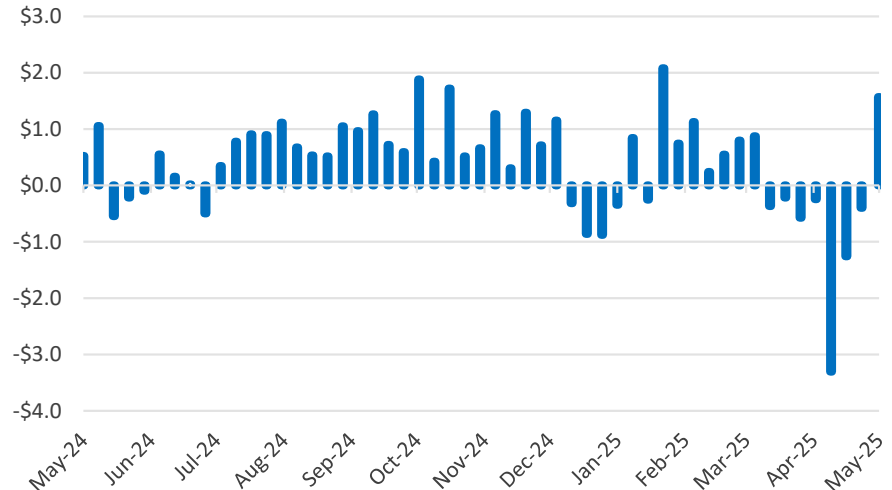


TREASURY YIELDS



Treasury	Treasury Yields (%)				5 day chg. (bps)	1 mo. chg. (bps)	YTD chg. (bps)
	5/2/2025	4/25/2025	4/2/2025	1/2/2025			
1 yr Treasury	4.02	3.96	4.05	4.17	0.06	(0.03)	(0.15)
5 yr Treasury	3.94	3.85	3.96	4.38	0.09	(0.02)	(0.44)
10 yr Treasury	4.12	4.07	4.07	4.48	0.05	0.05	(0.36)
30 yr Treasury	4.80	4.73	4.56	4.80	0.07	0.24	0.00

MUNICIPAL BOND FUND FLOWS (BILLIONS)



MUNISTAT RECENT SALES

Bond Transactions

Connecticut Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Average Life	TIC
4/8/2025	T/O Darien	Aaa	\$49,855,000	4/15/2045	Competitive	12.569	4.12%
4/17/2025	T/O Somers	AA+	\$2,000,000	5/1/2035	Competitive	5.486	3.33%
4/22/2025	T/O West Hartford	AAA	\$15,000,000	1/15/2045	Competitive	10.191	3.93%

New York Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Average Life	TIC
4/16/2025	Cutchogue FD	AA	\$15,915,000	5/1/2047	Competitive	13.501	4.33%
4/22/2025	Sayville UFSD	Aa1	\$14,880,000	5/1/2039	Competitive	8.075	3.72%
4/24/2025	Middle Island FD	AA-	\$7,000,000	5/15/2040	Competitive	8.966	3.81%

Note Transactions

Connecticut Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Term	NIC
4/8/2025	T/O Darien	MIG-1	\$49,000,000	4/23/2026	Competitive	359 Days	2.97%
4/9/2025	T/O Groton	N/R	\$11,200,000	4/23/2026	Competitive	359 Days	4.22%
4/17/2025	T/O Killingly	N/R	\$15,000,000	11/12/2025	Competitive	85 Days	3.58%

New York Transactions

Sale Date	Issuer	Rating	Par Amount	Final Maturity	Type	Term	NIC
4/10/2025	T/O Goshen, Series B	N/R	\$3,366,000	4/23/2026	Competitive	360 Days	3.82%
4/15/2025	T/O Schuyler Falls	N/R	\$975,000	4/24/2026	Competitive	360 Days	4.14%
4/16/2025	V/O Malverne	N/R	\$4,355,000	4/30/2026	Competitive	360 Days	3.55%
4/17/2025	T/O Cornwall	N/R	\$8,545,000	4/30/2026	Competitive	360 Days	3.62%
4/17/2025	V/O Cold Spring	N/R	\$1,930,050	5/1/2026	Competitive	360 Days	3.71%
4/23/2025	T/O Colonie	N/R	\$23,470,580	5/8/2026	Competitive	360 Days	3.39%
4/30/2025	T/O Newburgh	N/R	\$200,000	5/14/2026	Competitive	360 Days	4.22%

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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