RAYMOND JAMES | PUBLIC FINANCE

Public Finance Market Comment

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Casy O'Brien, Managing Director // Jock Wright, Managing Director

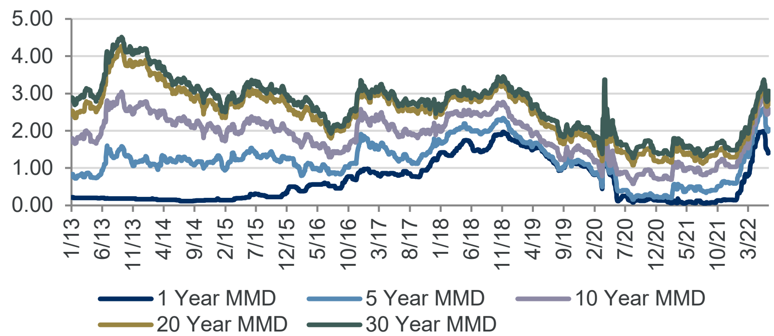
The Fed is once again behind the curve and last Fridays' CPI number confirmed that. Market participants were hoping for signs that inflation had peaked, unfortunately that is not the case. The Fed meets this week and will raise rates by 50 basis points. Some economists are calling for a 75-basis point hike, and the 50-basis point hike is already priced in. The short end of the UST curve backed up sharply this week on the higher inflation data. A flatter curve tells us that the market is anticipating more hikes before this is over. The Powell press conference following the central bank's policy statement will be very important. Powell will certainly be drilled about the higher inflation figures, and will be asked if 75 basis point hikes are now on the table. Higher rates are starting to affect the housing market and that could leak into the construction market. The Fed is trying to slow the economy to bring down inflation without pushing it into a recession. Overall, this was not a good week for the markets; both equities and fixed income were weaker. For Munis, the pain that we experienced a few short weeks ago is back. That rally was short lived and rates moved higher across the curve. There is still some market optimism given the amount of redemptions ($123bln) that is expected through August. Unfortunately, mutual selling which abated for a week returned again last week.

Last week, Treasuries were higher by 32 basis points in 5 years, higher by 22 basis points in 10 years, and higher by 11 basis points in 30 years. Municipal yields were higher by 4 basis points in 5 years, higher by 15 basis points in 10 years, and higher by 29 basis points in 30 years. **Ratios vs. Treasuries** were mixed last week The short end was tighter and long end wider. The five-year spot is at 63% of Treasuries, the ten-year spot is at 82% of Treasuries, and the thirty-year spot ended the week at 96% of comparable Treasuries. **This week's supply** totals $3.3 bln with $2.5 bln negotiated and $800 mln competitive, lower than last week's $7 bln calendar. **U.S. municipal bond funds** reported $2 bln of net outflows in the week ended June 8th, after an inflow of $1.2 bln last week, according to data released by Lipper on Thursday. The SIFMA Index was lower by 6 basis points at 0.62% from last week.

KEY INTEREST RATES

Rate	Today 6/10/2022	Last Week 6/3/2022	Last Month 5/11/2022	Last Year 6/10/2021
Federal Funds Rate	1.00	1.00	1.00	0.25
Prime Rate	4.00	4.00	4.00	3.25
LIBOR (1 month)	1.28	1.12	0.85	0.07
LIBOR (3 month)	1.74	1.63	1.42	0.12
SIFMA	0.62	0.68	0.76	0.03
SIFMA/1 M LIBOR %	48.4	60.7	89.0	41.3
B.B. 20 Bond Index	3.16	3.03	3.27	2.07
B.B. Rev. Index	3.44	3.31	3.55	2.43
30-Day Visible Supply	10.2 B	14.6 B	18.3 B	13.8 B
10-Year MMD	2.58	2.43	2.91	0.89

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	1.41	0.15	0.27	0.47	0.17	0.29	0.49	0.02	0.08	0.29
5	2.05	0.20	0.35	0.60	0.22	0.37	0.62	0.05	0.16	0.45
10	2.58	0.27	0.47	0.84	0.29	0.49	0.86	0.13	0.25	0.66
20	2.93	0.35	0.56	0.90	0.37	0.58	0.92	0.15	0.30	0.66
30	3.07	0.36	0.56	0.90	0.38	0.58	0.92	0.15	0.30	0.66

GENERAL OBLIGATION TAXABLE MARKET

Year	Treasury	AAA Taxable	65% Taxable	Spread to AAA Tax-Exempt	LIBOR	70% LIBOR	SIFMA
1	2.45	2.71	1.76	0.35	3.08	2.15	2.19
5	3.26	3.84	2.50	0.45	3.30	2.31	2.60
10	3.16	4.26	2.77	0.19	3.22	2.26	2.67
20	3.17	4.50	2.93	0.00	3.19	2.23	2.80
30	3.19	4.60	2.99	-0.08	2.96	2.07	2.75