

# Public Finance Market Comment

May 28, 2024

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

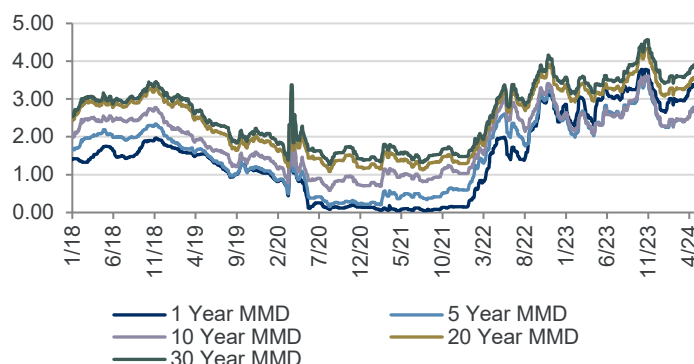
**A hawkish Fed and a resilient economy facilitated the rates markets to trade cheaper last week, with yields climbing across the curve.** Stronger than expected data releases, Fed minutes and hawkish Fed speakers continue to push out the timing of the FOMC easing. The timing has been pushed out from September to after the November election. This week the market will be focused on US Treasury auctions (2-year, 5-year and 7-year notes), Fed speakers and the PCE release on Friday. Investment grade corporate issuance is only expected to be \$15-20 billion, which would be one of the lighter weeks year-to-date.

**Last week**, Treasuries were higher by 8 basis points in 5 years, higher by 5 basis points in 10 years, and higher by 1 basis point in 30 years. Municipal yields were higher by 25 basis points in 5 years, higher by 24 basis points in 10 years, and higher by 11 basis points in 30 years. **Ratios vs. Treasuries** ended the week sharply wider. The five-year spot is at 67% of Treasuries, the ten-year spot is at 67% of Treasuries, and the thirty-year spot ended the week at 84% of comparable Treasuries. **This week's supply** totals \$5.1 bln, lower than last week's \$13 bln calendar. **U.S. municipal bond funds** reported \$218 mln of net outflows in the week ended May 22<sup>nd</sup>, after an outflow of \$548 mln last week, according to data released by Lipper on Thursday. The SIFMA Index was lower by 79 basis points at 3.42% from last week.

## KEY INTEREST RATES

Rate	Today 5/24/2024	Last Week 5/17/2024	Last Month 4/24/2024	Last Year 5/24/2023
Federal Funds Rate	5.50	5.50	5.50	5.25
Prime Rate	8.50	8.50	8.50	8.25
SOFR (1 month)	5.33	5.32	5.32	5.11
SOFR (3 month)	5.35	5.33	5.32	5.19
SIFMA	3.42	4.21	3.77	3.41
SIFMA/1 M SOFR %	64.2	79.1	70.9	66.7
B.B. 20 Bond Index	4.00	3.93	3.79	3.59
B.B. Rev. Index	4.29	4.22	4.08	3.87
30-Day Visible Supply	8.7 B	16.6 B	12.3 B	9.1 B
10-Year MMD	3.01	2.77	2.76	2.70

## 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	3.36	0.01	0.07	0.44	0.01	0.07	0.46	0.03	0.14	0.49
5	3.03	0.02	0.15	0.56	0.02	0.15	0.58	0.08	0.22	0.59
10	3.01	0.07	0.31	0.80	0.07	0.31	0.83	0.16	0.36	0.90
20	3.59	0.17	0.40	0.85	0.17	0.40	0.90	0.34	0.55	0.99
30	3.87	0.18	0.41	0.87	0.18	0.41	0.92	0.37	0.57	1.01

## GENERAL OBLIGATION TAXABLE MARKET

Year	Treasury	AAA Taxable	65% Taxable	Spread to AAA Tax-Exempt	SOFR Fixed/Float Swap	70% SOFR Fixed/Float Swap	SIFMA
1	5.20	5.07	3.30	-0.06	5.22	3.65	3.55
5	4.53	5.12	3.33	0.30	4.28	3.00	3.18
10	4.47	5.22	3.39	0.38	4.10	2.87	3.17
20	4.66	5.43	3.53	-0.06	4.03	2.82	3.30
30	4.57	5.54	3.60	-0.27	3.84	2.68	3.30

© 2023 Raymond James & Associates, Inc., member New York Stock Exchange/SIPC. Raymond James® is a registered trademark of Raymond James Financial, Inc. Source: Bloomberg & Thomson Reuters. The information contained herein is based on sources which we believe reliable but is not guaranteed by us and is not to be considered all inclusive. It is not to be construed an offer or the solicitation of an offer to sell or buy the securities herein mentioned. This firm and/or its affiliates and/or its individual shareholders and/or members of their families may have position in the securities mentioned and may make purchases and/or sales of these securities from time to time in the open market or otherwise. Opinions expressed are present opinions only and are subject to change without notice. Raymond James may also perform or seek to perform investment banking for entities referred herein. Thomson Reuters Municipal Market Data (MMD) is a proprietary yield curve which provides the offer-side of AAA rated state general obligation bonds as determined by the MMD analyst team.