

Public Finance Market Comment

December 18, 2023

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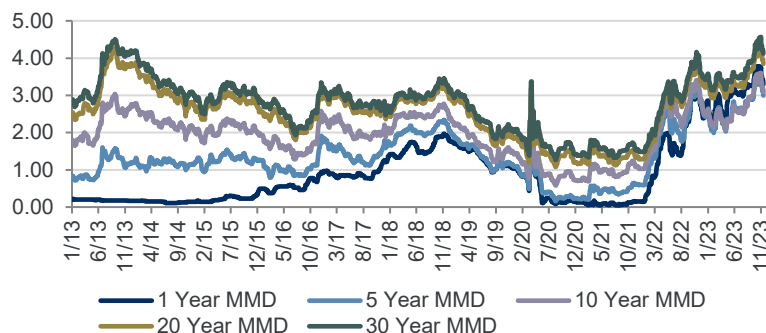
A Holiday surprise greeted the bond market last week! The Fed left rates unchanged at the FOMC meeting and the Dot Plot showed that the Fed is anticipating 75 basis points of cuts in 2024. This is a major pivot on the Fed's view of "higher for longer" that was the markets' outlook. A much more dovish Fed sparked a huge rally across fixed income and equities. The markets are now looking for a rate cut as early as the March 2024 meeting. Key data releases and events this week are consumer confidence, personal income and spending, PCE, durable goods, and a 20-year UST auction.

Last week, Treasuries were lower by 33 basis points in 5 years, lower by 32 basis points in 10 years, and lower by 30 basis points in 30 years. Municipal yields were lower by 16 basis points in 5 years, lower by 17 basis points in 10 years, and lower by 18 basis points in 30 years. **Ratios vs. Treasuries** ended the week tighter. The five-year spot is at 57% of Treasuries, the ten-year spot is at 59% of Treasuries, and the thirty-year spot ended the week at 88% of comparable Treasuries. **This week's supply** totals \$1.5 bln, lower than last week's \$4.8 bln calendar. **U.S. municipal bond funds** reported \$524 mln of net outflows in the week ended December 13th, after an outflow of \$144 mln last week, according to data released by Lipper on Thursday. The SIFMA Index was higher by 40 basis points at 3.38% from last week.

KEY INTEREST RATES

Rate	Today	Last Week	Last Month	Last Year
	12/15/2023	12/8/2023	11/15/2023	12/15/2022
Federal Funds Rate	5.50	5.50	5.50	4.50
Prime Rate	8.50	8.50	8.50	7.50
LIBOR (1 month)	5.47	5.47	5.44	4.34
LIBOR (3 month)	5.63	5.63	5.63	4.74
SIFMA	3.38	2.98	3.81	3.73
SIFMA/1 M LIBOR %	61.8	54.5	70.0	86.0
B.B. 20 Bond Index	3.46	3.41	3.93	3.59
B.B. Rev. Index	3.74	3.69	4.21	3.87
30-Day Visible Supply	4.0 B	5.2 B	9.2 B	7.3 B
10-Year MMD	2.33	2.50	3.10	2.47

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	2.71	0.01	0.07	0.46	0.02	0.10	0.47	0.05
5	2.31	0.03	0.15	0.56	0.05	0.18	0.57	0.10	0.24	0.59
10	2.33	0.07	0.27	0.83	0.10	0.31	0.88	0.18	0.38	0.90
20	3.16	0.17	0.40	0.90	0.24	0.47	0.96	0.34	0.55	0.99
30	3.53	0.18	0.41	0.92	0.26	0.49	1.00	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	4.93	4.49	2.92	0.21	5.40	3.78	3.21
5	3.91	4.59	2.98	0.67	4.46	3.12	2.70
10	3.91	4.84	3.15	0.82	4.38	3.07	2.81
20	4.19	5.21	3.39	0.23	4.36	3.05	2.90
30	4.01	5.32	3.46	-0.07	4.16	2.91	2.87

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