

# Municipal Market Monitor

Fixed Income | Municipal Fixed Income Research

A weekly look at trends in the municipal bond market  
Data through market close 03/14/2025

## Weekly Takeaways

- Fixed income markets weathered another week in what was expected to be a difficult March. Challenges from heavy supply, fewer redemptions, and fund outflows continue to be among the top issues for market participants. In reaction to the events of the week, the yield on the 10yr Treasury ended down 1 bp to close at 4.268, with the yield on the 30yr up 1.1 bp to 4.589%. In contrast, the yield on the 1yr rose by 1.1 bp to close at 4.028%.
- Following the trend from the week prior, munis underperformed. The yield on the 10yr AAA benchmark rose 16 bp to close at 3.12%, while the 30yr jumped 16 bp to close at 4.21%. At the short end of the curve, the 1yr was up 7 bp to 2.61% (Figures 1 & 2).
- The municipal curve continued to steepen with the 1/30 spread rising by 10 bp to 161 bp. Most of the movement occurred on the long end with the 1/7 spread steepening by 3 bp to 27 bp, while the 7/20 spread rose 7 bp to 109 bp (Figures 1 & 2).
- The relationship of municipals to Treasuries cheapened across the curve for the week, with the 1 year M/T ratio (5% municipal coupon) rising by 1.44 ppt to 63.17%; the 5 year rising 2.2 ppt to 68.08%; the 10 year rising by 3.67 ppt to 72.22%; and the 30yr ratio increased by 3.24 bp to 91.38%. The 5, 10, and 30 year ratios are indicating significant value as their ratios are all more than a standard deviation above their 2 year average (Figures 3 & 4).
- Visible supply remains at a robust \$14.9 billion, a billion more than last week's \$13.9 billion total (Figure 5).
- This week's muni calendar features 151 transactions, totaling to about \$10.71 billion. The calendar is again top heavy with 25 transactions of \$100 million or more representing 75.78% of total volume. The 10 largest deals total \$5.5 billion to represent more than half (51%) of the total volume. Taxable issuance remains quiet with only 16 transactions. However, this represents 12.84% of total volume for the week, a marked step up from the 3.5% representation it had the week prior.
- Weekly reporting mutual funds saw their first outflow in two months, losing about \$373 million. This marks the largest outflow since the beginning of the year on January 3rd (Figure 6).
- Investors were selling out of duration last week as long term funds lost \$425 million of net deposits. The remainder of the flows were split between intermediate funds, which took in a modest \$30 million, and short-term funds, which received net inflows of just \$22 million (Figure 7).
- Fund investors continued to reassess their portfolio risk with investment grade funds seeing a loss of \$480 million in net deposits, while high yield funds saw inflows of \$102 million for the week (Figure 8).
- Demand may ease for the next several weeks with just \$10.8 billion of re-investable funds due to investors for the rest of March and \$23.4 billion coming in April (Figure 9).
- Secondary market activity jumped last week with the preliminary report at \$57.65 billion, up from the preliminary figure of \$31.6 billion for the previous week (Figure 10).
- Municipal money market rates shifted higher last week with the SIFMA seven day index quoted up 137 bp at 3.62% at the March 12th quote (Figure 11).
- This week's economic calendar is home to several important reports, led by retail sales advance and empire manufacturing today, housing starts and building permits tomorrow, the FOMC rate decision on Wednesday, and finally existing home sales and the leading index report on Thursday.

Figure 1: AAA Yield Curve - Current v 1 Week ago v 1 Month ago<sup>a</sup>

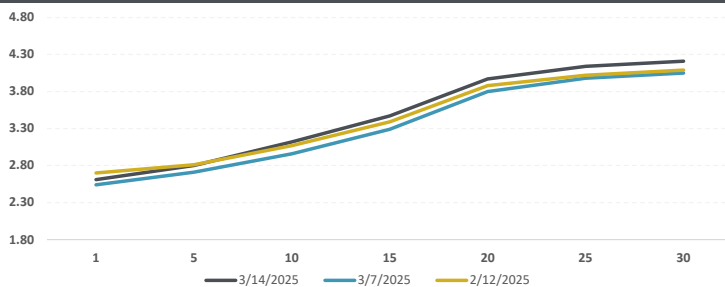


Figure 2: AAA Yield Curve - Current v 30 Year Avg v 30 Year Range<sup>a</sup>

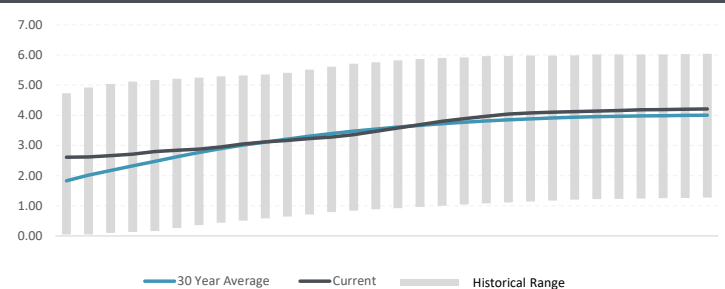


Figure 3: AAA Muni as % of Treasuries - Two Year History<sup>a</sup>

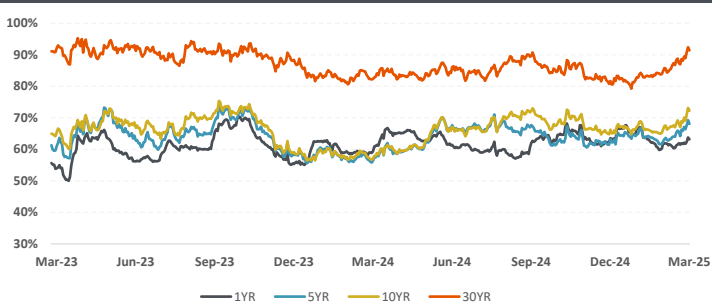
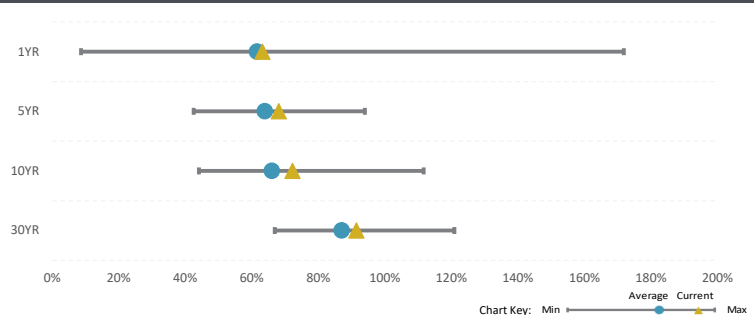


Figure 4: AAA Muni as % of Treasuries - Two Year History<sup>a</sup>



Source: ICE (a)

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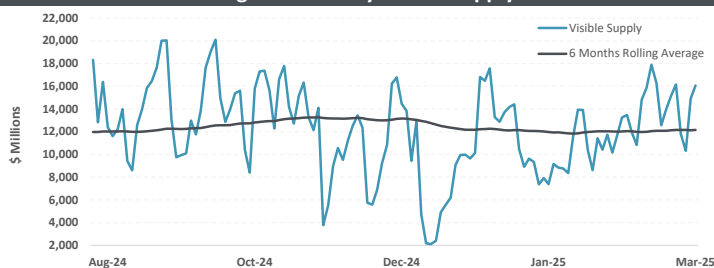
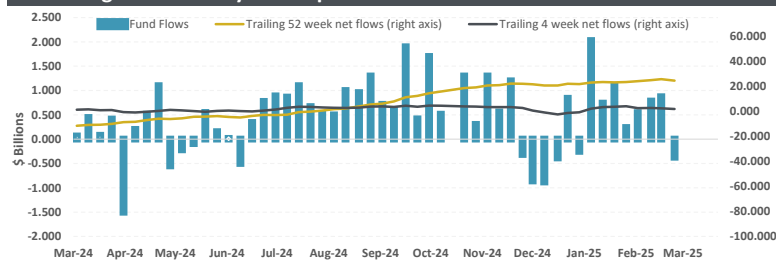
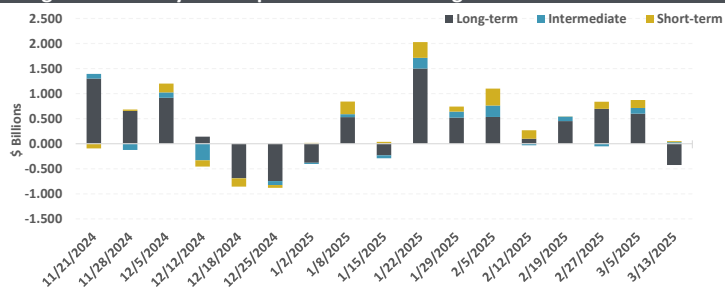
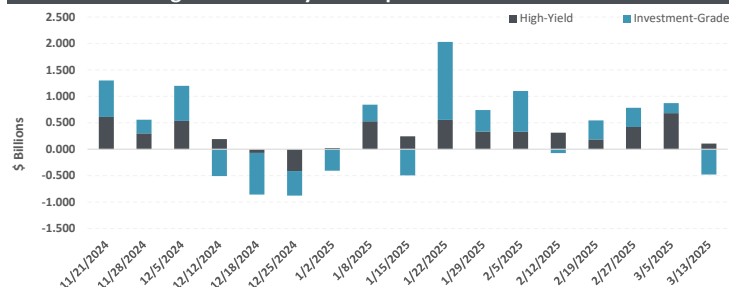
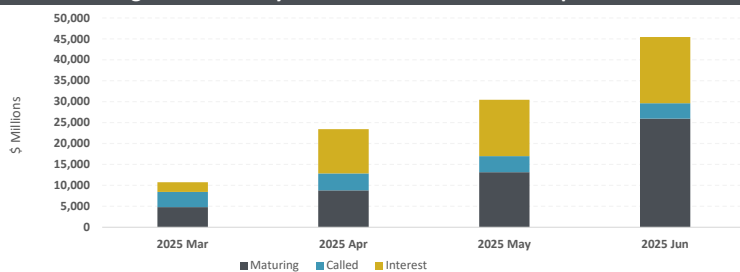
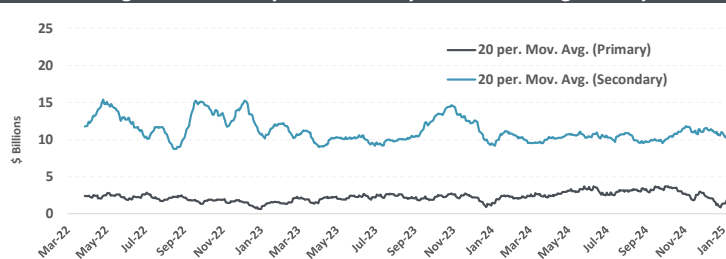
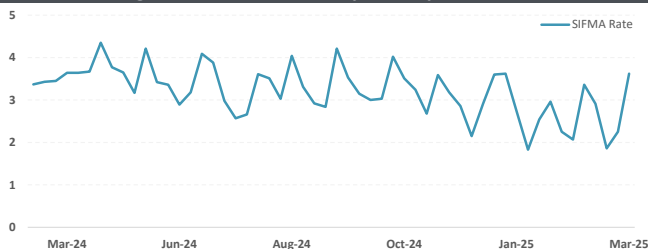
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Figure 5: 30-Day Visible Supply<sup>c</sup>Figure 6: Weekly Municipal Mutual Fund Net Investment Flows<sup>1</sup>Figure 7: Weekly Municipal Fund Flows - Long vs Intermediate vs Short<sup>1</sup>Figure 8: Weekly Municipal Fund Flows - HY vs IG<sup>1</sup>Figure 9: Monthly Bond Maturities and Redemptions<sup>e</sup>Figure 10: Primary vs. Secondary Market Trading Activity<sup>e</sup>Figure 11: SIFMA Municipal Swap Index Yield<sup>e</sup>Piper Sandler Municipal Calendar (Week of March 10, 2025)<sup>u</sup>

Negotiated													
Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity	Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
3/18/2025		Riverdale Ranch MD LTGO Ref Imp 25	GO	CO	5,410	2025-54	3/19/2025		Lafferty Canyon MD Sub LTGO 25B	GO	CO	1,669	2025-55
3/19/2025		Lafferty Canyon MD LTGO 25A	GO	CO	11,720	2025-55	3/20/2025		Pub Fin Auth Texas Infra Prog TE RAB Myrtle Creek 25	REV	WI	43,779	2025-41

Source: Lipper (l), MSRB (o), Piper Sandler (u), Bloomberg (e), The Bond Buyer (c)

Piper Sandler Municipal Calendar (Week of March 10, 2025) <sup>u</sup>													
Competitive													
Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity	Sale Date	BQ/TAX	Issuer	Type	State	Amount	Maturity
3/17/2025		Lakeville ULTGO 2025A	GO	MN	22,250	2027-46	3/18/2025		Wauwatosa Sch Dt ULTGO 2025	GO	WI	15,000	2039-45
3/17/2025		Whitnall Sch Dt ULTGO 2025	GO	WI	14,000	2026-45	3/18/2025		Lake Forest Sch Dt 67 ULTGO 2025B	GO	IL	4,720	2028-36
3/17/2025		Deerfield Cmnty Sch Dt ULTGO BANs 2025	GO	WI	15,000	2026-30	3/18/2025	TAX	State of New York ULTGO Txbi 2025B	GO	NY	8,510	
3/18/2025		St Johns Cnty Rfdg Revs 2025	REV	FL	49,250	2025-36	3/18/2025		Douglas Cnty LTGO 2025B	GO	NV	14,000	2026-35
3/18/2025		Lake Forest Sch Dt 67 ULTGO 2025A	GO	IL	9,455	2027-36	3/19/2025	BQ	Lexington ULTGO 2025	GO	TN	5,280	2026-37
3/18/2025	BQ	Dedham Twn LTGO 2025	GO	MA	6,210	2026-45	3/19/2025	TAX	Minot Pub Sch Dt 1 ULTGO Txbi 2025	GO	ND	2,865	2026-44
3/18/2025		Madison ATCD ULTGO 2025H	GO	WI	3,000	2030-32							

Municipal Credit Actions

Credit actions within the last week

Credit Upgrade <sup>a</sup>			
AlertDate	CUSIP6	Issuer	EventDesc
3/11/2025	048342	ATLANTIC CITY N J BRD ED (NJ)	S&P rating upgrade from BBB- to BBB RTG
3/12/2025	086187	BERWICK PA AREA SCH DIST (PA)	S&P rating upgrade
3/12/2025	145177	CARROLL IOWA CMNTY SCH DIST (IA)	S&P rating upgrade from A+ to AA- RTG
3/12/2025	74442P	PUBLIC FIN AUTH WIS REV (WI)	S&P rating upgrade from BB to BB+ RTG
3/13/2025	355188	FRANKLIN WIS PUB SCH DIST (WI)	Moodys rating upgrade from AA2 to AA1 RTG
3/13/2025	411144	HANOVER PARK N J REGL HIGH SCH DIST (NJ)	S&P rating upgrade from AA to AA+ RTG
3/13/2025	443168	HOWELL TWP N J SCH DIST (NJ)	S&P rating upgrade from AA- to AA RTG
3/13/2025	60956P	MONMOUTH CNTY N J IMPT AUTH REV (NJ)	S&P rating upgrade from AA- to AA ISSR RTG
Credit Downgrade <sup>a</sup>			
AlertDate	CUSIP6	Issuer	EventDesc
3/12/2025	52480R	LEHIGH CNTY PA GEN PURP AUTH REV (PA)	S&P rating downgrade from BBB+ to BBB RTG
Default <sup>a</sup>			
AlertDate	CUSIP6	Issuer	EventDesc
3/12/2025	132047	CAMBRIA CNTY PA INDL DEV AUTH REV (PA)	Default status / in bankruptcy proceedings
3/12/2025	25483V	DISTRICT COLUMBIA REV (DC)	Default status / forbearance agreement
3/12/2025	25483V	DISTRICT COLUMBIA REV (DC)	Technical default / violation of covenants
1/0/1900	0	1/0/1900	1/0/1900
1/0/1900	0	1/0/1900	1/0/1900
1/0/1900	0	1/0/1900	1/0/1900
1/0/1900	0	1/0/1900	1/0/1900
1/0/1900	0	1/0/1900	1/0/1900

Source: ICE (a), Piper Sandler (u)

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