Capital Markets Advisors, LLC

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Market Readiness to Take on Greater Importance under New Fed Chair

Federal Reserve Chairman Kevin Warsh's first Jackson Hole speech may have important implications for municipal issuers, not necessarily because of the immediate prospect of higher interest rates, but because of what his approach to forward guidance could mean for interest-rate volatility and the timing of municipal bond transactions.

Warsh has been skeptical of providing markets with a detailed roadmap for future monetary policy. Rather than signaling the Fed's next move, he emphasized that policymakers should respond more acutely to real-time economic data and financial conditions. That approach gives the Fed greater flexibility, but it also leaves investors with less certainty about the path of short- and intermediate-term interest rates.

The market reaction following Warsh's speech illustrated this dynamic. According to Reuters, futures markets were pricing approximately a 35% probability of a 25-basis-point (0.25%) September rate hike. Following his comments that inflation had not improved sufficiently and that the Fed still had "work to do," that probability increased to roughly 56%. The move demonstrates how quickly expectations can change when the Fed provides less explicit forward guidance.

For municipal issuers, greater rate uncertainty can make transaction timing significantly more important. Issuers with flexibility to accelerate or delay a transaction, or switch between long-term bonds and short-term notes, may be able to take advantage of temporary periods of favorable market conditions. A jurisdiction locked into a bond sale on a specific date, however, may find that a knee-jerk change in market yields materially burdens taxpayers for years.

Ultimately, Warsh's Jackson Hole speech suggests that municipal issuers may need to place greater emphasis on market readiness rather than procedural timing (for example, a school district waiting until the annual May budget vote to pass capital bond resolutions). In an environment where expectations can shift materially following a single economic report or Fed communication, the ability to execute quickly during favorable market windows could become an increasingly valuable component of municipal debt management.

Recent CMA Client Sale Results

Issuer (Rating)	Issue Type	Par Amount	Sale Date	Term	Rate	Purchaser
Kent Town (A1)	BAN	$ 540,000	27-August	1 yr.	3.85%	Oppenheimer & Co., Inc.
Putnam Valley Town (Aa2)	BAN	6,179,500	20-August	1 yr.	3.00%	Truist Securities
Harrison Village (Aaa)	BAN	14,000,000	19-August	6 mo.	2.72%	TD Financial Products LLC
Orchard Park CSD (Aa2)	Bonds	1,400,000	19-August	5 yrs.	3.42%	Robert W. Baird & Co., Inc.
Bay Shore UFSD (Aa3)	TAN	40,000,000	18-August	10 mo.	2.98%	TD Financial Products LLC
Roslyn UFSD (Aa1)	BAN	1,820,492	13-August	1 yr.	3.12%	Piper Sandler & Co.
Tonawanda City (Aa2)	Bonds	40,475,000	6-August	18 yrs.	3.35%	Oppenheimer & Co., Inc.
Tuckahoe UFSD (Aa1)	TAN	2,450,000	4-August	6 mo.	3.16%	Oppenheimer & Co., Inc.

General Obligation Tax-Exempt Interest Rates

	September 2, 2026					August 3, 2026					1 Year Ago - September 2, 2025				
Term	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	2.52%	2.55%	2.59%	2.57%	2.95%	2.51%	2.54%	2.58%	2.56%	2.94%	2.19%	2.30%	2.22%	2.28%	2.66%
5	2.92	2.96	3.06	3.10	3.47	2.88	2.92	3.02	3.06	3.46	2.38	2.54	2.42	2.58	2.97
10	3.47	3.58	3.66	3.76	4.15	3.37	3.48	3.56	3.66	4.05	3.23	3.48	3.34	3.58	4.06
20	4.34	4.53	4.58	4.67	5.06	4.11	4.30	4.35	4.44	4.83	4.40	4.76	4.61	4.84	5.28
30	4.70	4.90	4.95	5.04	5.45	4.51	4.71	4.76	4.85	5.26	4.62	4.99	4.84	5.07	5.52

IMPORTANT NOTICE ON SA-139 SUBMISSION DEADLINE AND THE NOVEMBER 2026 FROZEN DATA FILE

Complete and accurate Building Contract (SA-139) forms must have Superintendent approval within the Building Project area of our State Aid Management System (SAMS) Rebuild by **Friday, October 30, 2026 to guarantee that projects will be included in the November 2026 frozen data file.** Building Contract (SA-139) forms approved after that date may be included in the November 2026 frozen data file but are not guaranteed to be included.

Based on statutory changes enacted with the Laws of 2007, prospective projects eligible for initial Building Aid payments in the current year will have their initial year of payment deferred to July of the following aid year if a complete and accurate Building Contract (SA-139) form did not have Superintendent approval in time to be included in the frozen data file created in November of the prior year. Projects for which Building Contract (SA-139) forms do not have Superintendent approval in time to be included in the November 2026 frozen data file will not generate any 2027-2028 Building Aid, even if all other requirements have been met.

These forms must be submitted electronically through the Building Projects area of the State Aid Management System (SAMS) Rebuild.

Click the link below for more information on the State Aid Management System (SAMS) Rebuild.

SAMS Rebuild

Please email State Aid at OMSSAMS@nysed.gov with any questions.

Questions? Comments?

Please contact one of CMA's licensed, municipal advisors:

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