

## Interest Rates on the Rise

Following several weeks during which interest rates remained virtually unchanged at near historic lows, in mid-February rates on tax-exempt municipal bonds started to climb. The upward trend continued through the end of the month and into the first days of March with municipal bond yields rising by as much as 20 to 40+ basis points beyond 5-year maturities as investors demanded more yield to compensate for potential inflationary pressure.

	<u>2/1/21</u>	<u>2/8/21</u>	<u>2/16/21</u>	<u>2/22/21</u>	<u>3/2/21</u>
1 year	0.09%	0.08%	0.06%	0.08%	0.12%
5 years	0.22	0.23	0.22	0.43	0.57
10 years	0.72	0.73	0.71	0.97	1.15
15 years	0.99	0.99	0.97	1.23	1.40
20 years	1.19	1.19	1.17	1.43	1.60
30 years	1.38	1.38	1.36	1.62	1.80

Tax-exempt yields on 10-year bonds rose above 1%, for the first time since May 2020. Testimony by Federal Reserve Chairman Jay Powell on February 23<sup>rd</sup>, which included comments on the new COVID vaccine and the upcoming federal stimulus, was followed by a rise in U.S. Treasury rates.

While we may have seen interest rates bottom out in February, tax-exempt issuers are still enjoying a very low cost of capital for their capital and cash flow funding. Fear of missing out on such an attractive market has caused some issuers to accelerate their borrowing plans and enter the market to lock in rates before they rise much further.

## Municipal Water System Hacked

Officials in the city of Oldsmar, Florida, a community located northwest of Tampa on that state's west coast, reported that a hacker briefly gained control of the city's water treatment plant during the second week of February. During the almost 6 hours that the hacker was in the system, it tried to increase the amount of sodium hydroxide, or lye, a chemical used to remove metals from drinking water, to dangerous levels. While the intrusion was unsuccessful and the tainted water never reached consumers, it marked an extremely rare instance in the United States where cyber-terror could have resulted in the loss of human life.

### MMD GENERAL OBLIGATION INTEREST RATES

Term	Today - March 1, 2021					1 Month Ago - February 1, 2021					1 Year Ago - March 2, 2020				
	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	0.12%	0.16%	0.21%	0.22%	0.55%	0.09%	0.14%	0.16%	0.21%	0.65%	0.68%	0.71%	0.74%	0.75%	1.04%
5	0.57	0.64	0.76	0.84	1.22	0.23	0.35	0.40	0.51	1.03	0.69	0.77	0.89	0.94	1.24
10	1.15	1.30	1.40	1.47	1.96	0.73	0.86	0.96	1.03	1.62	0.93	1.06	1.18	1.22	1.54
15	1.40	1.58	1.66	1.78	2.24	0.99	1.15	1.23	1.35	1.94	1.14	1.32	1.42	1.49	1.77
20	1.60	1.79	1.87	1.98	2.44	1.19	1.36	1.44	1.55	2.14	1.33	1.52	1.61	1.68	1.96

### RECENT CMA CLIENT SALE RESULTS

<u>Issuer</u>	<u>Issue Type</u>	<u>Par Amount</u>	<u>Sale Date</u>	<u>Term</u>	<u>Rate</u>	<u>Purchaser</u>
Hastings-on-Hudson UFSD	BAN	\$ 15,000,000	23-Feb	12 mos.	0.18%	BofA Merrill Lynch
Buffalo City	Ref. Bonds	\$ 12,625,000	18-Feb	6 yrs.	0.38%	BNY Mellon Capital Markets
New Rochelle City	Bonds	\$ 34,540,000	11-Feb	30 yrs.	1.76%	Roosevelt & Cross, Inc.
Garden City Village	Ref. Bonds	\$ 1,485,000	9-Feb	5 yrs.	0.26%	Fidelity Capital Markets
Port Chester Village	Bonds	\$ 13,520,000	4-Feb	20 yrs.	1.47%	JP Morgan Securities LLC