

2022 Capital Markets Review

Tax-Exempt and Taxable Interest Rates The year ended December 31, 2022 was one that saw dramatic changes in the capital markets, the most significant of which was the sharp increase in both short-term and long-term interest rates in both the tax-exempt and taxable markets. Starting in January and continuing through October, interest rates rose steadily from month-to-month with some weeks seeing rates increasing as much as 50 basis points before retreating in ensuing days. The yield curve flattened and occasionally inverted during the year, often a sign of impending recession. The 30-year, tax-exempt, Municipal Market Data (MMD) stood at 3.58% at year end, an increase of 209 bps from one year earlier. The 30-year US Treasury ended 2022 at 3.97% which represented a 207 bps increase year-over-year.

Fed Rate Hikes In an effort to tamp down rising inflation, which increased at an annualized rate of 7.1% for the 12-month period ending November 2022, the Fed increased rates 7 times during the course of 2022 starting with a 25 bp hike in March, followed by a 50 bp increase in May, 75 bps hikes in June, July, September and November and ending the year with a 25 bp bump in December. Expectations for 2023 are for two to three hikes during the first half of the year, followed by one or two cuts by the back half of the year when hopefully, inflation will appear to be under control.

Supply Supply of both tax-exempt and taxable bonds was down in 2022, due in part to the dramatic rise in interest rates which eliminated many refunding opportunities in the latter half of the year.

Visible Supply Total Monthly Average 2022			
Jan.	8,781,480	Jul.	12,013,605
Feb.	9,250,580	Aug.	12,339,302
Mar.	13,146,397	Sep.	10,733,279
Apr.	14,098,274	Oct.	11,896,052
May.	15,121,544	Nov.	10,096,949
Jun.	12,347,499	Dec.	8,993,129

Source: Bond Buyer

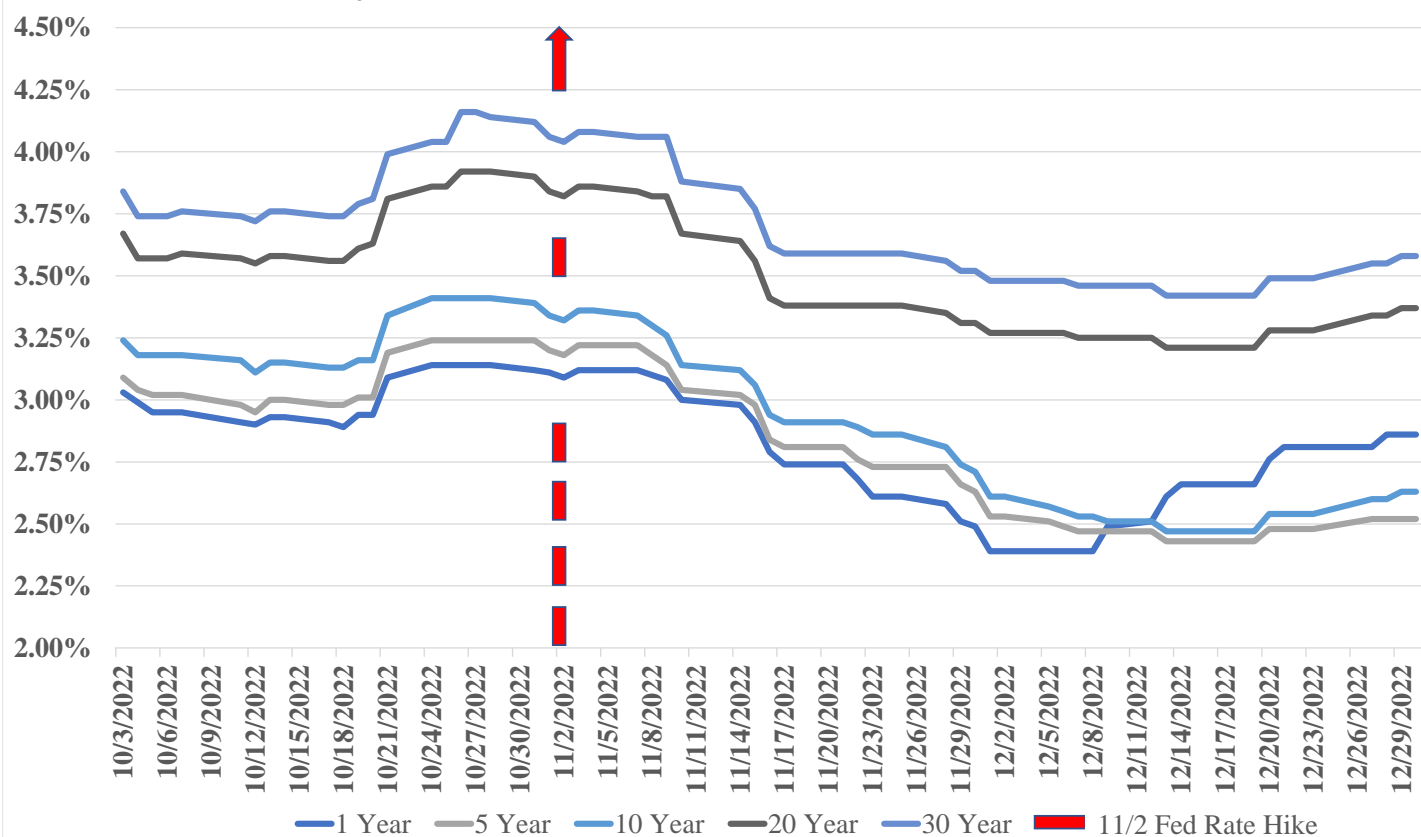
Municipal Bond Funds Following two years of inflows of cash into municipal bond funds, 2022 saw significant outflows totaling over \$81 billion in 2022.

Credit Ratings S&P Global Ratings reported that municipal credit quality remained largely stable through the third quarter of 2022. S&P saw 101 upgrades in the third quarter for local governments and 38 downgrades.

RECENT CMA CLIENT SALE RESULTS

Issuer	Issue Type	Par Amount	Sale Date	Term	Rate	Purchaser
Lancaster Town (Aa3)	BAN	\$1,350,000	21-Dec.	5 mos.	3.75%	Fidelity Capital Markets
Port Chester Village (Aa3)	Bonds	\$12,900,000	14-Dec.	15 yrs.	2.92%	RBC Capital Markets
Southampton UFSD (Aaa)	TAN	\$4,000,000	6-Dec.	5 mos.	3.10%	Piper Sandler & Co.
Westchester County (AA+/Aa1/AA+)	Bonds (Tx.)	\$71,050,000	1-Dec.	13 yrs.	4.61%	Morgan Stanley
Westchester County (AA+/Aa1/AA+)	Green Bonds	\$24,775,000	1-Dec.	14 yrs.	2.89%	Jefferies LLC

Daily 'AAA' MMD Rates October 3, 2022 - December 30, 2022



MMD GENERAL OBLIGATION INTEREST RATES

	January 3, 2023					1 Month Ago - December 1, 2022					1 Year Ago - January 3, 2022				
Term	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	2.70%	2.75%	2.85%	2.86%	3.19%	2.39%	2.44%	2.54%	2.55%	2.88%	0.17%	0.19%	0.20%	0.21%	0.39%
5	2.52	2.62	2.71	2.76	3.11	2.53	2.63	2.72	2.77	3.12	0.60	0.65	0.65	0.70	0.93
10	2.64	2.82	2.95	3.02	3.54	2.61	2.79	2.92	2.99	3.51	1.04	1.16	1.19	1.26	1.61
15	3.22	3.52	3.62	3.73	4.17	3.05	3.35	3.45	3.56	4.00	1.18	1.34	1.34	1.45	1.77
20	3.38	3.72	3.83	3.93	4.37	3.27	3.61	3.72	3.82	4.26	1.33	1.53	1.54	1.64	1.96