

## ***Municipals Continue Recovery After Market Volatility***

April witnessed significant volatility in the municipal bond market as investors grappled with the impact of tariff announcements and Federal policy changes. Notably, between April 7th and April 9th, Municipal Market Data (MMD) yields experienced a sharp rise of nearly 100 basis points (or 1%), a substantial deviation from the typical daily movement of only a few basis points.

In recent weeks the market has shown signs of stabilization, although the recovery has been slower than the initial surge. After the 30-year MMD rate peaked at 4.84% on April 9, yields have since decreased by 46-57 basis points across the yield curve. April volatility led to a decrease in issuance, as market-related uncertainties caused deals to be postponed, with many still pending market entry.

A recent Bond Buyer article highlighted views of industry participants with respect to interest rate movements. A muni banker from Payden & Rygel suggested that recent market volatility is largely attributable to "transgressions of the tariff announcements and rollbacks, and then announcements, and then rollbacks and then announcements," creating levels of uncertainty not seen since the onset of the COVID-19 pandemic. Barclays' strategists suggest that "even though we are not out of the woods, we have likely seen the worst for our market". Strategists at BofA have noted that the market moves in April, influenced by tariff concerns, reflect a scenario in which inflation rises.

Despite the overall trend of decreased issuance in April, the market saw a resurgence in activity in the last two and a half weeks of the month, with \$14 billion of issuance coming to the market as delayed deals were priced alongside scheduled ones. However, this late-month rebound was insufficient to compensate for the earlier lack of supply, resulting in a year-over-year decline in issuance.

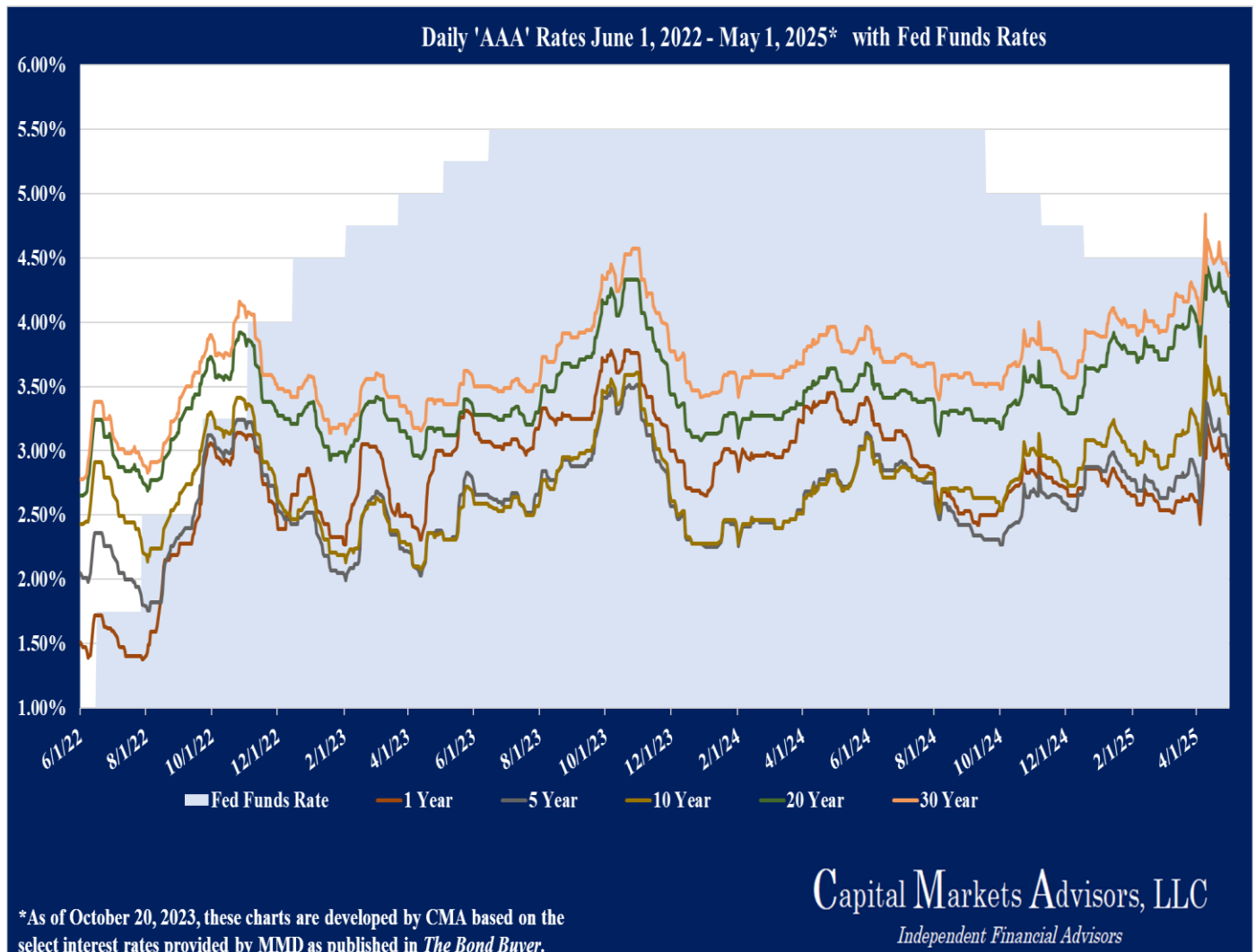
BofA strategists expressed optimism, stating that "easing tariffs, a slowing economy and an improved supply/demand outlook for munis in May and onward should drive muni market pricing going forward. Muni-US Treasury ratios have shown "marked improvement," decreasing by seven to eight percentage points from their April highs, and further improvement is expected in muni rates and ratios across all maturities in May. BoA believes stability is anticipated in the coming months, with expectations of a return to positive territory for fund flows, which should provide additional support to the market. Despite BoA's positive outlook, uncertainty remains about whether the events in April are a temporary "blip" or indicative of a longer-term trend of reduced volume if rates remain higher than earlier in the year.

Moving forward, market participants are focused on several key factors, including the potential for a muni rally, resolution of maintenance of tax-exempt status for muni bonds, the broader rate environment and Federal Reserve policies.

### **RECENT CMA CLIENT SALE RESULTS**

<b><u>Issuer/Underlying Rating</u></b>	<b><u>Issue Type</u></b>	<b><u>Par Amount</u></b>	<b><u>Sale Date</u></b>	<b><u>Term</u></b>	<b><u>Rate</u></b>	<b><u>Purchaser</u></b>
Stony Point Town (A1)	BAN	\$864,506	30 – Apr.	1 yr.	3.89%	Roosevelt & Cross, Inc.
Long Beach City (A3)	BAN	\$5,000,000	24 - Apr.	1 yr.	3.89%	Jefferies LLC
Haverstraw Town (Aa2)	Bonds	\$3,025,000	24 – Apr.	10 yrs.	3.28%	Fidelity
Islip Town (Aaa)	Bonds (Txbl.)	\$2,245,000	23 – Apr.	12 yrs.	4.94%	Robert W. Baird
Port Chester Village (Aa3)	Bonds	\$14,682,150	22 – Apr.	20 yrs.	4.15%	Roosevelt & Cross, Inc.
Hempstead Village (AA-)	BAN (Txbl.)	\$3,500,000	22 – Apr.	1 yr.	4.97%	Roosevelt & Cross, Inc.
West Babylon UFSD (Aa3)	BAN	\$850,000	16 – Apr.	2 mos.	4.88%	JP Morgan Chase Bank
Orchard Park CSD (Aa2)	BAN	\$41,401,016	9 – Apr.	1 yr.	3.70%	TD Securities
Watervliet City SD (A)	BAN	\$5,000,000	9 – Apr.	1 yr.	3.79%	Pioneer Bank
North Shore CSD (Aa1)	Bonds	\$19,940,000	8 – Apr.	15 yrs.	3.83%	UBS Financial Services
Great Neck Plaza Village (Aa3)	BAN	\$7,112,000	3 – Apr.	1 yr.	3.01%	Jefferies LLC

# Interest Rate Chart



Questions? Comments? Contact any of CMA's 11 Municipal Advisor Representatives listed below.

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## GENERAL OBLIGATION TAX-EXEMPT INTEREST RATES

Term	May 1, 2025					1 Month Ago - April 1, 2025					1 Year Ago - May 1, 2024				
	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	2.86%	2.89%	2.97%	2.95%	3.33%	2.61%	2.64%	2.72%	2.70%	3.08%	3.42%	3.43%	3.51%	3.49%	3.88%
5	2.97	3.01	3.13	3.17	3.56	2.81	2.85	2.97	3.01	3.40	2.85	2.87	2.99	3.00	3.43
10	3.29	3.40	3.54	3.64	4.12	3.21	3.32	3.46	3.56	4.04	2.82	2.89	3.07	3.13	3.65
15	3.71	3.90	4.04	4.13	4.57	3.56	3.75	3.89	3.98	4.02	3.26	3.41	3.59	3.64	4.13
20	4.13	4.34	4.49	4.57	5.01	4.01	4.22	4.37	4.45	4.89	3.64	3.81	4.00	4.04	4.54