

Public Finance Market Comment

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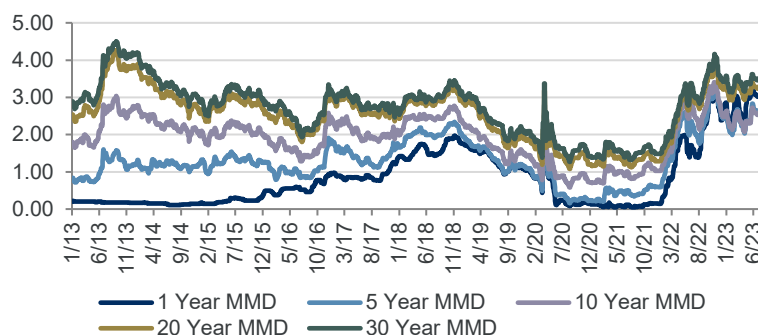
The Fed and global central bankers' comments from the Jackson Hole conference indicate that rates will need to stay higher for longer to bring down inflation over the long run. Fed Chair Powell indicated a more hawkish stance, as anticipated by the markets. Economic reports were benign, but the central themes continue to show strength in the economy and less risk of a recession. This week the main data points will be Thursday's GDP release and the Friday's employment data. There will also be some Treasury supply, with the 2-year, 5-year and 7-year auctions starting Monday and wrapping up Tuesday.

Last week, Treasuries were higher by 6 basis points in 5 years, lower by 2 basis points in 10 years, and lower by 9 basis points in 30 years. Municipal yields were higher by 9 basis points in 5 years, higher by 11 basis points in 10 years, and higher by 9 basis points in 30 years. Ratios vs. Treasuries were wider last week. The five-year spot is at 66% of Treasuries, the ten-year spot is at 70% of Treasuries, and the thirty-year spot ended the week at 91% of comparable Treasuries. This week's supply totals \$3.5 bln, lower than last week's \$8 bln calendar. U.S. municipal bond funds reported \$534 mln of net outflows in the week ended August 23rd, after an outflow of \$264 mln last week, according to data released by Lipper on Thursday. The SIFMA Index was higher by 117 basis points at 4.47% from last week.

KEY INTEREST RATES

Rate	Today 8/25/2023	Last Week 8/18/2023	Last Month 7/26/2023	Last Year 8/25/2022
Federal Funds Rate	5.50	5.50	5.50	2.50
Prime Rate	8.50	8.50	8.25	5.50
LIBOR (1 month)	5.44	5.43	5.43	2.49
LIBOR (3 month)	5.67	5.64	5.63	3.04
SIFMA	4.47	3.30	3.98	1.67
SIFMA/1 M LIBOR %	82.1	60.8	73.3	67.0
B.B. 20 Bond Index	3.84	3.75	3.57	3.59
B.B. Rev. Index	4.12	4.03	3.85	3.87
30-Day Visible Supply	5.0 B	9.2 B	6.7 B	10.0 B
10-Year MMD	2.95	2.84	2.50	2.54

AAA-RATED GENERAL OBLIGATION TAX-EXEMPT RATES



GENERAL OBLIGATION TAX-EXEMPT BOND MARKETS

Year	AAA Tax-Exempt	Current Tax-Exempt Credit Spreads			1 Month Ago Tax-Exempt Credit Spreads			1 Year Ago Tax-Exempt Credit Spreads		
		AA	A	BBB	AA	A	BBB	AA	A	BBB
1	3.27	0.03	0.12	0.49	0.03	0.12	0.49	0.05	0.16	0.49
5	2.93	0.06	0.20	0.59	0.06	0.20	0.59	0.13	0.27	0.62
10	2.95	0.12	0.34	0.90	0.12	0.34	0.90	0.22	0.42	0.89
20	3.68	0.29	0.53	0.99	0.29	0.53	0.99	0.35	0.56	0.95
30	3.91	0.31	0.55	1.01	0.31	0.55	1.01	0.36	0.56	0.95

GENERAL OBLIGATION TAXABLE MARKET

Year	Treasury	AAA Taxable	65% Taxable	Spread to AAA Tax-Exempt	SOFR Fixed/Float Swap	70% SOFR Fixed/Float Swap	SIFMA
1	5.44	4.97	3.23	-0.04	5.47	3.83	3.55
5	4.44	5.05	3.28	0.35	4.17	2.92	3.23
10	4.24	5.20	3.38	0.43	3.93	2.75	3.25
20	4.49	5.48	3.56	-0.12	3.85	2.69	3.31
30	4.28	5.59	3.63	-0.28	3.62	2.53	3.25

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