Municipal Bond Investor Weekly

High Net Worth Wealth Solutions and Market Strategies // Fixed Income Solutions

GINA FAY

Director
Fixed Income Private Wealth

DREW O'NEIL

Director
Fixed Income Strategy

THE WEEK AHEAD

1. This week's municipal new issue calendar increases to ~$9.7 billion, up from last week's lighter holiday week schedule, and slightly below the weekly average ~$11 billion for the year. Bloomberg currently estimates net negative supply (new issue supply minus redemptions) of almost -$24 billion over the next 30 days.
2. With over $52 million in municipal principal and interest expected to be returned to investors in July, now is an opportune time to put cash to work before demand increases from redemptions, potentially pushing prices higher, yields lower – especially if new issue supply doesn't keep pace.
3. This week the market will be focused on housing data and May's Personal Consumption Expenditures (PCE) – the Fed's preferred gauge of inflation – as well as Fed Chair Powell's comments on the economy, inflation, and the path forward for rates in his semi-annual testimony before Congress. Geopolitical events will also take center stage – an escalation in the Middle East could send yields lower.

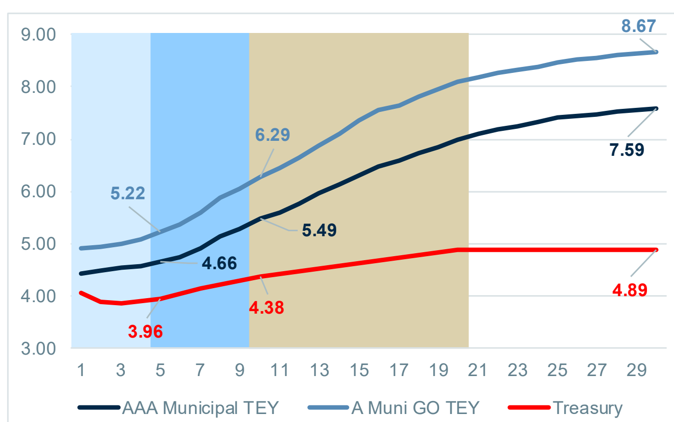
MONDAY'S COMMENTARY

THE NUMBERS THIS WEEK

Treasury yields fell by 1 to 6 basis points with the 2 to 10 year part of the curve seeing the biggest declines. Municipal yields followed their taxable counterparts lower, with yields across the benchmark AAA curve falling by 1 to 4 basis points. Muni-Treasury ratios have normalized on the longer end of the curve over the past few months, as the 30-year ratio currently sits at 92%.

Year		Treasury	Municipal (AAA)	Municipal (A)	Municipal TEY* (AAA)	Municipal TEY* (A)	Muni (AAA)/Tsy Ratio	Muni TEY* (AAA)/Tsy Ratio
1	2026	4.07	2.63	2.92	4.44	4.93	65%	109%
2	2027	3.90	2.65	2.92	4.48	4.93	68%	115%
5	2030	3.96	2.76	3.09	4.66	5.22	70%	118%
10	2035	4.38	3.25	3.72	5.49	6.29	74%	125%
20	2045	4.90	4.14	4.79	7.00	8.08	85%	143%
30	2055	4.89	4.49	5.13	7.59	8.67	92%	155%

**Taxable equivalent yield @ 40.8% tax rate*



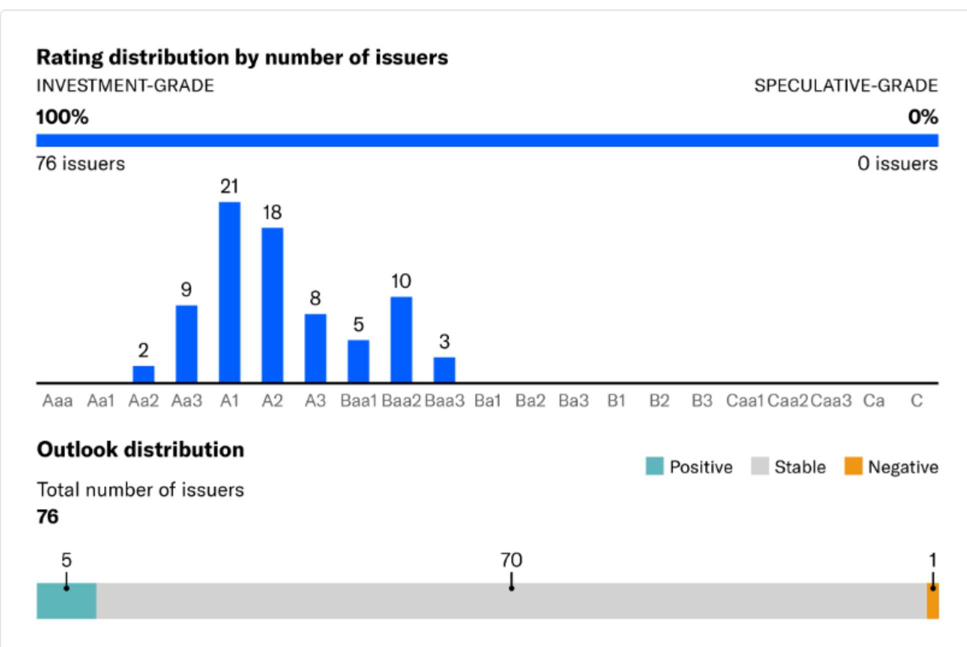
ARE YOU HEADING TO THE AIRPORT?

Friday, June 20 was the summer solstice, marking the longest day of the year and the official beginning of summer! With school breaks and warmer weather, summer typically also brings peak travel season. Are you headed to the airport for your summer vacation? You may notice many airports have construction projects underway to expand or upgrade current facilities. One way airports raise funding for these projects to improve the experience for travelers is through the municipal bond market.

For perspective, according to the Bureau of Transportation Statistics, in 2024 there were almost 800 million domestic revenue passenger enplanements in the US, eclipsing the pre-COVID peak in 2019 of approximately 753 million. So far in 2025 enplanements have been mostly flat vs last year --- which must seem manageable compared to the >60% decline in enplanements during the first year of COVID (Moody's.) To keep all of these travelers moving, many airports need to improve existing infrastructure, build new terminals, extend runways, etc. Airport revenue bonds are a type of municipal bond issued by airports to finance such projects. The debt is repaid to bondholders with revenue generated from the airport's operations. Bonds issued for other types of airport related projects may have distinct revenues pledged to bondholders, e.g, passenger facility fees / charges, parking fees, and / or subordinate lien debt, and these bonds typically have lower credit ratings compared to bonds backed by general airport revenues.

What does the credit quality of the airport sector look like? Moody's recently revised its outlook for the overall US airport sector to negative from stable, citing an expected reduction in air travel due to global trade negotiations. They anticipate a deceleration in economic growth that could lead to a decline in enplanements. However, if passenger air traffic resumes and growth and macroeconomic conditions improve they could revise their outlook back to stable. It's important to note that a sector outlook is distinct from an issuer's rating outlook, which reflects the specific characteristics of each individual issuer. Most US airports have strong liquidity and debt service coverage numbers, putting them in a good position to handle a weakening in passenger numbers without a change in credit quality. While there are over 5,000 public use airports in the US, the universe that issues municipal bonds is much smaller. Moody's currently rates 76 airports. All of them have ratings in the investment grade category, with more than 75% rated single-A or double-A, as can be seen in the chart below. All but one have stable or positive outlooks. In the past two years, among the three major ratings agencies (Moody's / S&P / Fitch), there have been 19 upgrades of US airports, including Atlanta Hartsfield (Aa3/AA/AA), Dallas Fort Worth (A1/AA-/A+), and San Francisco (A1/AA-/A+) (as of February 7, 2025). Airports are resilient credits with some of the highest liquidity levels in the municipal market for enterprise-type credits --- the median liquidity is over 700 days of cash on hand to cover nearly two years of regular operating expenses.

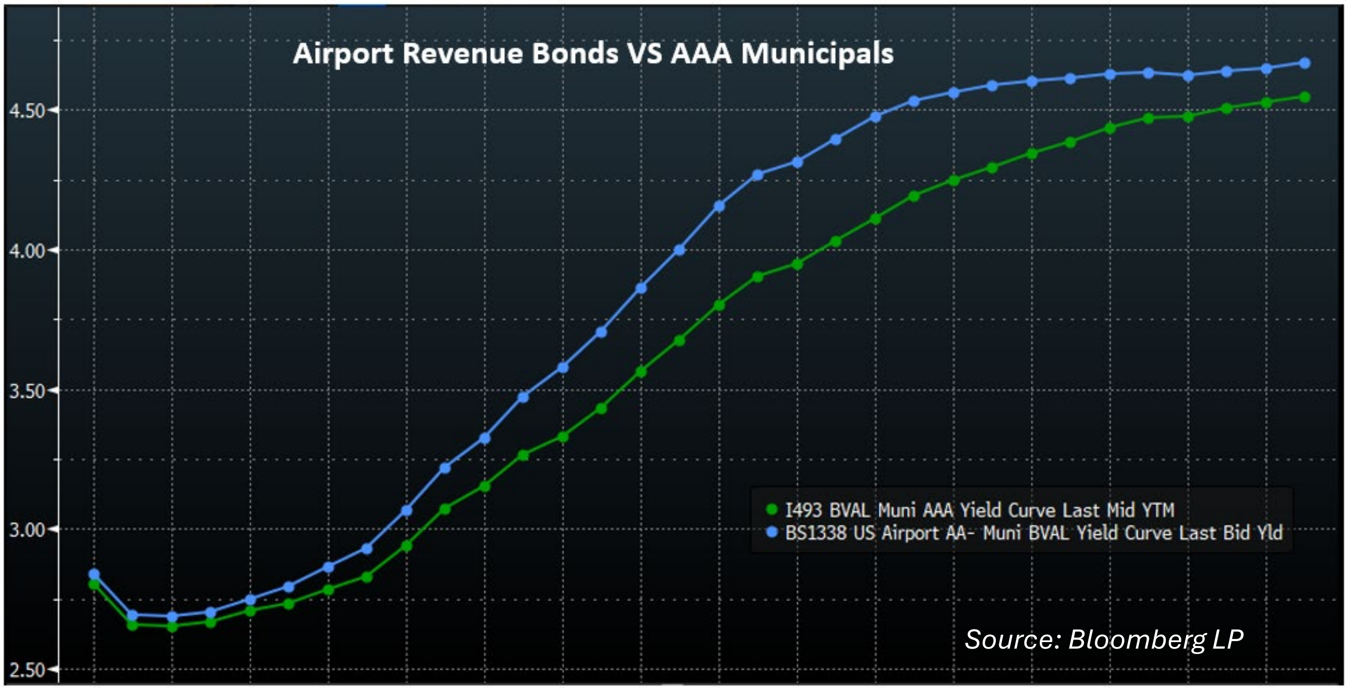
As of December 3, 2024



Source: Moody's Ratings

What opportunities are available for investors? US airports have been issuing debt at a robust pace to fund their capital needs. According to Bloomberg data, in

2024, ~$21.4 billion in bonds were issued for airports – that was a 46% increase from the previous year ($14.6 billion issued in 2023). Year-to-date airport issuance stands at $9.5 billion, on track to end the year close to 2024's total if the rest of the year's pace remains consistent. As can be seen in the chart below, airport revenue bonds in the 10 to 25 year maturity range on average offer investors an additional 20 to 30 basis points in yield vs the AAA benchmark scale. Tax-exempt yields ranging from 3.50% to 4.60% can be achieved – for investors in the top federal tax bracket (40.8% = 37% plus 3.8% net investment income tax), which equates to taxable equivalent yields of 5.90% to 7.75%.



As with any investment in municipal bonds, issuer and bond selection is key as not all airports and airport bonds are the same. For example, some airports will see an increase in enplanement growth due to heavier usage among local residents with growing disposable income, demand as travel destinations, or an increase in population. Conversely, airports serving more budget-conscious travelers or international travelers are more at risk of experiencing a slowdown in passenger traffic. Bonds backed by a senior lien provide stronger bondholder protection compared to subordinate liens. General airport revenue bonds are backed by a broader source of revenue vs passenger facility or other narrow revenue streams. When you are not away on your summer travel plans, talk to your financial advisor about what airport or other municipal bonds are available to meet your investment needs.

ILLUSTRATIVE PORTFOLIOS

Our illustrative proposals reflect three opportunities along the yield curve with bonds maturing from 1 to 30 years. Last week yields declined 4 basis points or less along the curve, with most of the action on the short end of the curve. Strategically, our 10–20-year maturity illustration continues to offer an excellent tax efficient solution. **Looking to maximize yield?** The 20 – 30-year range offers an additional ~50 basis points (over 10 – 20 years) and may be appropriate for some investors. For a portfolio rated A or better, the tax-free yield to worst is ~4.75%, which equates to a **taxable equivalent yield to worst of ~8.00%** for an investor in the top federal tax bracket and subject to the net investment income tax. If the callable bonds are not called, the yield to maturity increases to ~4.88%, which equates to a **taxable equivalent yield to maturity of ~8.25%**. This option has an average coupon ~4.95% and a market price of ~101.20. The **current yield is ~4.90%**. An investment with $1 million par value (~$1,022,650 market value with accrued interest) will generate a federally tax-exempt annual coupon cash flow of $49,500.

National Municipal Bond Illustrative Portfolios

Week of June 23, 2025

1 – 10 Years

Totals & Averages @ Market	
Summary Totals	
Original Face	$1,000,000
Current Face (Par)	$1,000,000
Market Principal	$1,043,578
Accrued Interest	$11,386
Cash & Cash Alternatives	$0
-	-
-	-
Total Portfolio Value	$1,054,965
Next 12mo Cpn Cash Flow	$44,000
Generic Annual Cpn Cash Flow	$44,000
Weighted Averages	
Coupon*	4.400%
Maturity**	5.52 yrs
Duration	3.41
Yield to Worst	3.116%
Yield to Maturity	3.391%
Market Price*	104.358
Tax Lots Holdings Included	20 of 20

10 – 20 Years

Totals & Averages @ Market	
Summary Totals	
Original Face	$1,000,000
Current Face (Par)	$1,000,000
Market Principal	$1,022,172
Accrued Interest	$13,601
Cash & Cash Alternatives	$0
-	-
-	-
Total Portfolio Value	$1,035,773
Next 12mo Cpn Cash Flow	$47,225
Generic Annual Cpn Cash Flow	$47,250
Weighted Averages	
Coupon*	4.725%
Maturity**	15.41 yrs
Duration	7.08
Yield to Worst	4.251%
Yield to Maturity	4.497%
Market Price*	102.217
Tax Lots Holdings Included	20 of 20

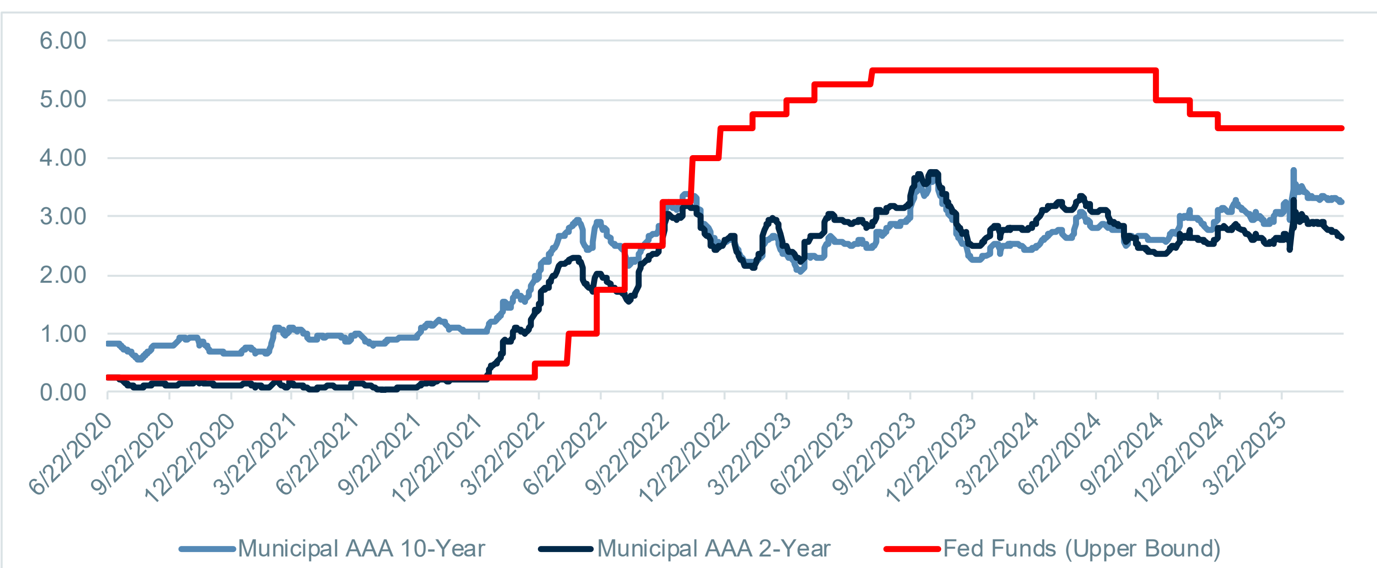
20 – 30 Years

Totals & Averages @ Market	
Summary Totals	
Original Face	$1,000,000
Current Face (Par)	$1,000,000
Market Principal	$1,010,516
Accrued Interest	$12,134
Cash & Cash Alternatives	$0
-	-
-	-
Total Portfolio Value	$1,022,650
Next 12mo Cpn Cash Flow	$48,540
Generic Annual Cpn Cash Flow	$49,500
Weighted Averages	
Coupon*	4.950%
Maturity**	25.44 yrs
Duration	7.64
Yield to Worst	4.746%
Yield to Maturity	4.878%
Market Price*	101.052
Tax Lots Holdings Included	20 of 20

NAVIGATING TODAY'S MARKET

Just under $10 billion in new issuance is expected to come to market this week according to The Bond Buyer. Some of the larger deals include: Los Angeles, CA (MIG1/SP-1+) is selling $1.51 billion of tax and revenue anticipation notes; the North Texas Municipal Water District (Aa1/AAA) is bringing an $885 million water system revenue refunding and improvement bonds; the Michigan State Building Authority (Aa2/-/AA) is selling $753 million of facilities program revenue and refunding bonds; the Katy Independent School District, TX (Aaa/AAA) is bringing a $447 million PSF-backed unlimited tax school building bond deal to market; and Mansfield Independent School District (Aaa/AAA) is selling $381 million of PSF-backed unlimited tax school building bonds. See table below for additional new issuance.

HISTORICAL YIELDS



Date	Amount	Issuer	ST	Description	Moody's/S&P/Fitch	Maturity
06/23	$68MM	USD #230 Johnson/Miami Cos.	KS	General Obligation Refunding and	--/AA/--	2030 - 2045
06/24	$340MM	New Jersey Hsg & Mtg	NJ	NEW JERSEY HOUSING AND MORTGAGE	Aa2/AA/NR	2026 - 2056
06/24	$47MM	Oklahoma Hsg Fin Agy	OK	Oklahoma Housing Finance Agency	Aa1/--/--	2047 - 2047
06/24	$63MM	Tampa	FL	City of Tampa, Florida	Aa1/AAA/AAA	2030 - 2051
06/24	$340MM	Klein ISD	TX	Unlimited Tax Schoolhouse and Refunding	Aaa/AAA/--	2026 - 2050
06/24	$798MM	Northwest ISD	TX	NORTHWEST INDEPENDENT SCHOOL	Aaa/--/AAA	2026 - 2055
06/24	$18MM	Missouri Hsg Dev Com	MO	Single Family Mortgage Revenue Bonds	--/AA+/--	2027 - 2055
06/24	$50MM	Rhode Island Hlth & Edu	RI	Rhode Island Health and Educational	Aa3/AA-/--	2026 - 2050
06/24	$6MM	Klein ISD	TX	Unlimited Tax Refunding Bonds, Series	Aa1/AA/--	2028 - 2029
06/24	$15MM	Conestoga Vly SD	PA	Conestoga Valley School District	--/AA-/--	2026 - 2053
06/24	$30MM	New Jersey Hsg & Mtg	NJ	NEW JERSEY HOUSING AND MORTGAGE	Aa2/AA/NR	2027 - 2055
06/24	$52MM	Maryland CDA Dept Hsg Comm	MD	COMMUNITY DEVELOPMENT	Aa2/NR/AA+	2028 - 2067
06/24	$75MM	Office Facs Corp	LA	Office Facilities Corporation	--/AA/--	2029 - 2056
06/24	$250MM	Missouri Hsg Dev Com	MO	Single Family Mortgage Revenue Bonds	--/AA+/--	2026 - 2056
06/25	$25MM	Capital Area Finance Authority	LA	CAPITAL AREA FINANCE AUTHORITY	Aa1/--/--	2027 - 2056
06/25	$10MM	S Middleton SD	PA	South Middleton School District	--/AA/--	2025 - 2044
06/25	$381MM	Mansfield ISD	TX	Mansfield Independent School District	--/AAA/AAA	2027 - 2055
06/26	$125MM	Montgomery County, Texas	TX	Unlimited Tax Road Bonds, Series 2025	Aaa/AA+/--	2027 - 2050
06/26	$75MM	Virginia Hsg Dev Aut	VA	VIRGINIA HOUSING DEVELOPMENT	Aaa/AAA/--	2026 - 2055
06/26	$150MM	Virginia Hsg Dev Aut	VA	VIRGINIA HOUSING DEVELOPMENT	Aaa/AAA/--	2026 - 2055
06/26	$125MM	Montgomery County	TX	SERIES 2025	Aaa/AA+/--	2027 - 2050
06/26	$885MM	N Texas Mun Wtr Dt	TX	NORTH TEXAS MUNICIPAL WATER	Aa1/AAA/NR	2026 - 2055

This offering calendar is for information purposes only, and is not intended as an offer for solicitation with respect to the purchase or sale of any securities. For more information on the new issues go to www.raymondjames.com.

There is no assurance any of the trends mentioned will continue or forecasts will occur. Investing involves risk and investors may incur a profit or a loss. Past performance may not be indicative of future results. Prior to transacting in any security, please discuss the suitability, potential returns, and associated risks of the transaction(s) with your Raymond James Financial Advisor.

This communication is not an offer to sell or a solicitation to buy any securities mentioned herein. High grade and High yield securities mentioned herein may not be suitable for all investors. A credit rating of a security is not a recommendation to buy, sell or hold securities and may be subject to review, revisions, suspension, reduction or withdrawal at any time by the assigning rating agency. All expressions of opinion reflect the judgment of the Fixed Income Municipal Department of Raymond James & Associates (RJA) at the time of publication and may be subject to change without notice.

Information has been obtained from sources considered reliable, but we do not guarantee that the foregoing report is accurate or complete. Other departments of RJA or its affiliates may have information that is not available to the Fixed Income Municipal Department about companies or Issuers mentioned in this report. Further information on the securities mentioned herein is available upon request. Interest on Municipal Bonds is generally exempt from federal taxation and may also be free of state and local taxes for investors residing in the state and/or locality where the bonds were issued. However, bonds may be subject to federal alternative minimum tax (AMT), and profits and losses on tax-exempt bonds may be subject to capital gains tax treatment. Bonds are subject to risk factors including: 1) Default Risk - the risk that the issuer of the bond might default on its obligation 2) Rating Downgrade - the risk that a rating agency lowers a debt issuer's bond rating 3) Reinvestment Risk - the risk that a bond might mature when interest rates fall, forcing the investor to accept lower rates of interest (this includes the risk of early redemption when a company calls its bonds before maturity) 4) Interest Rate Risk - this is the risk that bond prices tend to fall as interest rates rise. 5) Liquidity Risk - the risk that a creditor may not be able to liquidate the bond before maturity. High-yield bonds are not suitable for all investors. The risk of default may increase due to changes in the issuer's credit quality. Price changes may occur due to changes in interest rates and the liquidity of the bond. When appropriate, these bonds should only comprise a modest portion of a portfolio.

Sourced from Bloomberg: Treasuries: US Fed H15 CMT Curve - The H15 curve is comprised of the constant maturity treasury rates as published daily by the Federal Reserve in the H15 report. Municipal (AAA): BVAL Municipal AAA Yield Curve (Callable) - The curve is populated with high quality US municipal bonds with an average rating of AAA from Moody's and S&P. The yield curve is built using non-parametric fit of market data obtained from the Municipal Securities Rulemaking Board, new issues, and other proprietary contributed prices. The curve represents 5% couponing. The 3 month to 10 year points are bullet yields, and the 11 year to 30 year points are yields to worst for a 10-year call. Municipal (AA): US General Obligation AA Muni BVAL Yield Curve - The BVAL curve is populated with pricing from uninsured AA General Obligation bonds. Municipal (A): US General Obligation A+ A A- Muni BVAL Yield Curve - The BVAL curve is populated with pricing from uninsured A+, A, and A-rated General Obligation bonds. Fed Funds (Upper Bound): The federal funds rate is the short-term interest rate targeted by the Federal Reserve's Federal Open Market Committee as part of its monetary policy. US Treasury securities are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance.

The illustrative portfolios are intended as a starting point for a conversation on individual bonds. They are not intended as specific recommendations and bonds are shown for illustration purposes only. The bonds listed in the illustrative portfolios are rated A or better, with average ratings from Moody’s and Standard and Poor’s of Aa2 / AA. The yields shown in the proposals are based on pricing models, not current market offers. Yields shown are indicative of general market levels but are not a guaranteed result. Prices and yields are not inclusive of any fees or commissions.

US Treasury securities are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value. The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ. The NASDAQ Composite is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance.

Investment products are: not deposits, not FDIC/NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk and may lose value.

RAYMOND JAMES®

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER
880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863 // RAYMONDJAMES.COM

M23-184726 through 4/28/26

.