



Texas Market Update– Week of March 9, 2020

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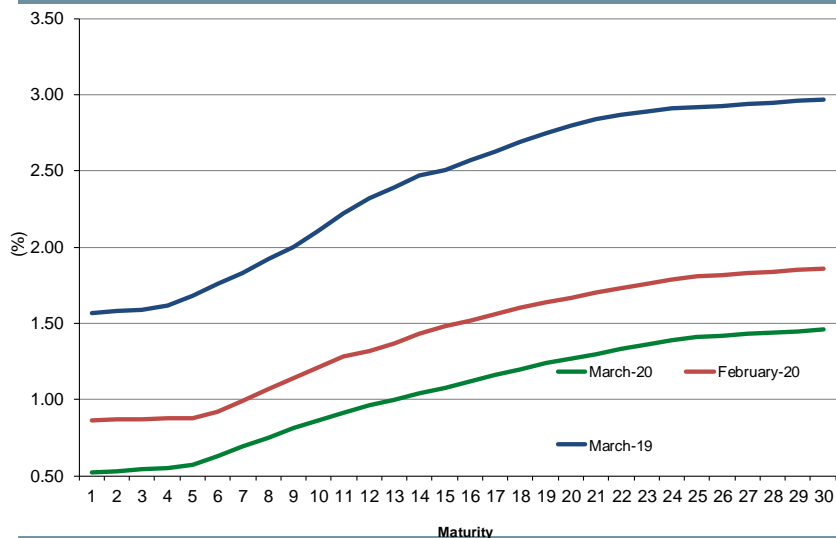
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Market Update

• Commentary for the week of March 9th

- This morning's initial MMD read reflected another eye-catching 10 to 12 basis point drop in municipal bond yields, down from last Friday's 10 basis-point dip, as investors continued to stampede out of equities and other risk assets and into safe-haven securities such as U.S. Treasuries. The municipal yield curve continues to steepen but has not kept pace with the unprecedented rally in the U.S. Treasury market where municipal bond yields remain higher relative to U.S. Treasury bonds. Weekly volume on investors' bid-wanted was significantly higher at \$6.5 billion vs. the YTD weekly average of \$2.9 billion. As of last Friday, the 10-year and 30-year AAA MMD yields stood at a 0.96% and 1.56%, respectively.
- U.S. Treasury bond yields dropped precipitously to record lows this week amid continuing fears over the effects of the coronavirus on supply chains as well as the plunge in global oil prices. This, after last Wednesday's Federal Reserve announcement that it would lower interest rates by an unprecedented 50 basis points in the hopes of stabilizing markets. Investors shrugged-off the rate cut and resumed their sell-off sending the S&P Index lower 7% this morning resulting in the initiation of circuit breakers in which trading was halted for a 15-minute period. As of this morning, the 10-year treasury yield stood at a 0.581% and the 30-year treasury yield stood at a 1.015%.
- The primary calendar is estimated to be a healthy \$12 billion and is comprised of \$10.5 billion of negotiated deals and \$1.5 billion of competitive sales. Texas municipal issuance is estimated to be \$1.076 billion this week. The Texas primary calendar is comprised of \$1.047 billion in negotiated financings and \$29.6 million in competitive sales.

Municipal Market Data Yield Curve



Year	Maturity	MMD (%) 03/06/2020	Change Over Week	Change Over Month	Change Over Year
1	2020	0.52	-0.23	-0.34	-1.05
2	2021	0.53	-0.23	-0.34	-1.05
3	2022	0.54	-0.22	-0.33	-1.05
4	2023	0.55	-0.21	-0.33	-1.07
5	2024	0.57	-0.20	-0.31	-1.10
6	2025	0.63	-0.16	-0.29	-1.11
7	2026	0.69	-0.13	-0.30	-1.12
8	2027	0.75	-0.12	-0.32	-1.15
9	2028	0.81	-0.12	-0.33	-1.18
10	2029	0.86	-0.12	-0.35	-1.24
11	2030	0.91	-0.12	-0.37	-1.30
12	2031	0.96	-0.11	-0.36	-1.35
13	2032	1.00	-0.11	-0.37	-1.39
14	2033	1.04	-0.11	-0.39	-1.43
15	2034	1.08	-0.11	-0.40	-1.43
16	2035	1.12	-0.11	-0.40	-1.45
17	2036	1.16	-0.11	-0.40	-1.47
18	2037	1.20	-0.11	-0.40	-1.49
19	2038	1.24	-0.11	-0.40	-1.51
20	2039	1.27	-0.11	-0.40	-1.54
21	2040	1.30	-0.11	-0.40	-1.55
22	2041	1.33	-0.11	-0.40	-1.55
23	2042	1.36	-0.11	-0.40	-1.54
24	2043	1.39	-0.11	-0.40	-1.53
25	2044	1.41	-0.11	-0.40	-1.52
26	2045	1.42	-0.11	-0.40	-1.52
27	2046	1.43	-0.11	-0.40	-1.52
28	2047	1.44	-0.11	-0.40	-1.52
29	2048	1.45	-0.11	-0.40	-1.52
30	2049	1.46	-0.11	-0.40	-1.52

Source: * Bond Buyer
Municipal Market Data
Thomson Reuters

Market Supply

Calendar Week of March 9th

Issue Description	Par Amount (\$000)	Ratings*			
		Moody's	S&P	Fitch	Kroll
New Hope Cultural Education, TX - Facilities Finance Corporation Senior Living Revenue Bonds, Ser. 2020A-1 (Tax-Exempt), Ser. 2020A-2 (Taxable), Ser. 2020B and Ser.2020C	\$ 689,730	NR	NR	NR	NR
Aledo Independent School District, TX - U/L Tax School Building Bds, Ser. 2020	\$ 133,135	NR	AAA	AAA	NR
City of Temple, TX - Utility System Rev Bds, Ser. 2020	\$ 72,000	NR	AA	NR	NR
Dumas Independent School District, TX - U/L Tax School Building Bds, Ser. 2020	\$ 67,080	Aaa	NR	NR	AAA
Hillsboro Independent School District, TX - U/L Tax School Building Bds, Ser.2020	\$ 26,775	Aaa	NR	NR	NR
San Felipe Del Rio Consolidated Independent School District, TX - U/L Tax School Building Bds, Ser. 2020	\$ 19,000	Aa3	A+	NR	NR
Montgomery County Municipal Utility District #39, TX - U/L Tax Ref Bds, Ser. 2020	\$ 3,570	NR	AA	NR	NR
Denton County Fresh Water Supply District #8, TX U/L Tax Road Ref Bds, Ser. 2020	\$ 2,620	NR	AA	NR	NR
Lakeside Water Control & Improvement District #1, U/L Tax Ref Bds, Ser. 2020	\$ 1,440	NR	A-	NR	NR
Lakeside Water Control & Improvement District #2, U/L Tax Ref Bds, Ser. 2020B	\$ 1,355	Baa2	NR	NR	NR
Texas Top 10 Total Negotiated Supply	\$ 1,016,705				
Texas Total Negotiated Weekly Supply	\$ 1,016,705				

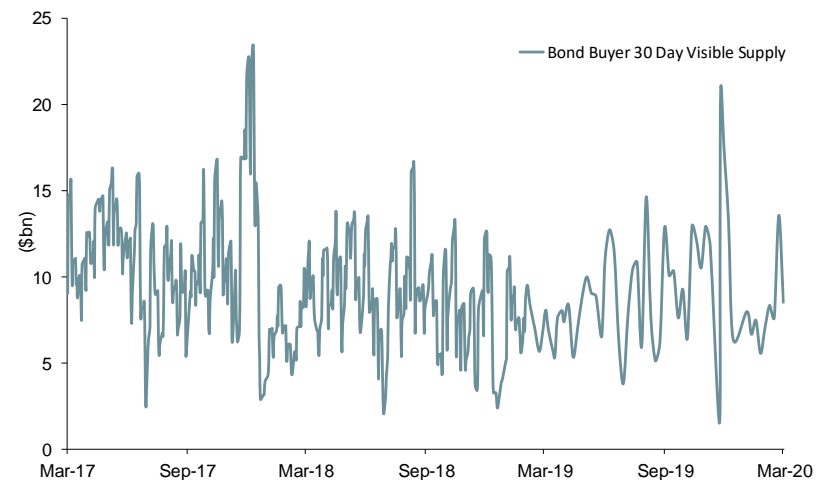
	2020	2019	2018
Total Texas Issuance YTD (000s)	\$ 11,024,131	\$ 5,110,742	\$ 4,579,063

*Rating reflects underlying or insured rating, as appropriate

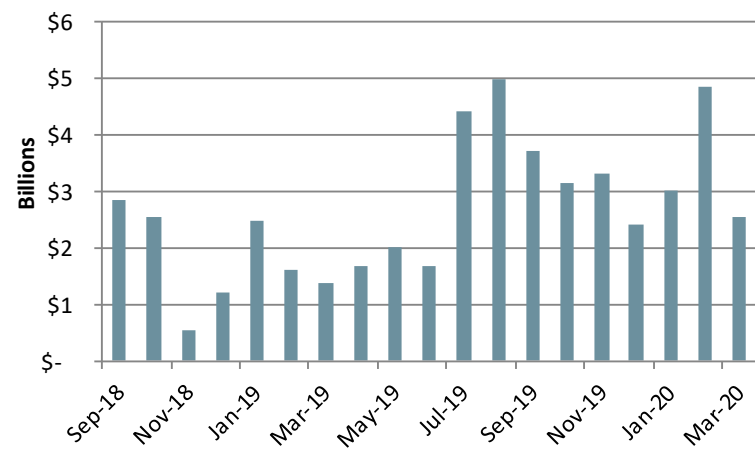
**Source: The Bond Buyer

***Source: Bloomberg

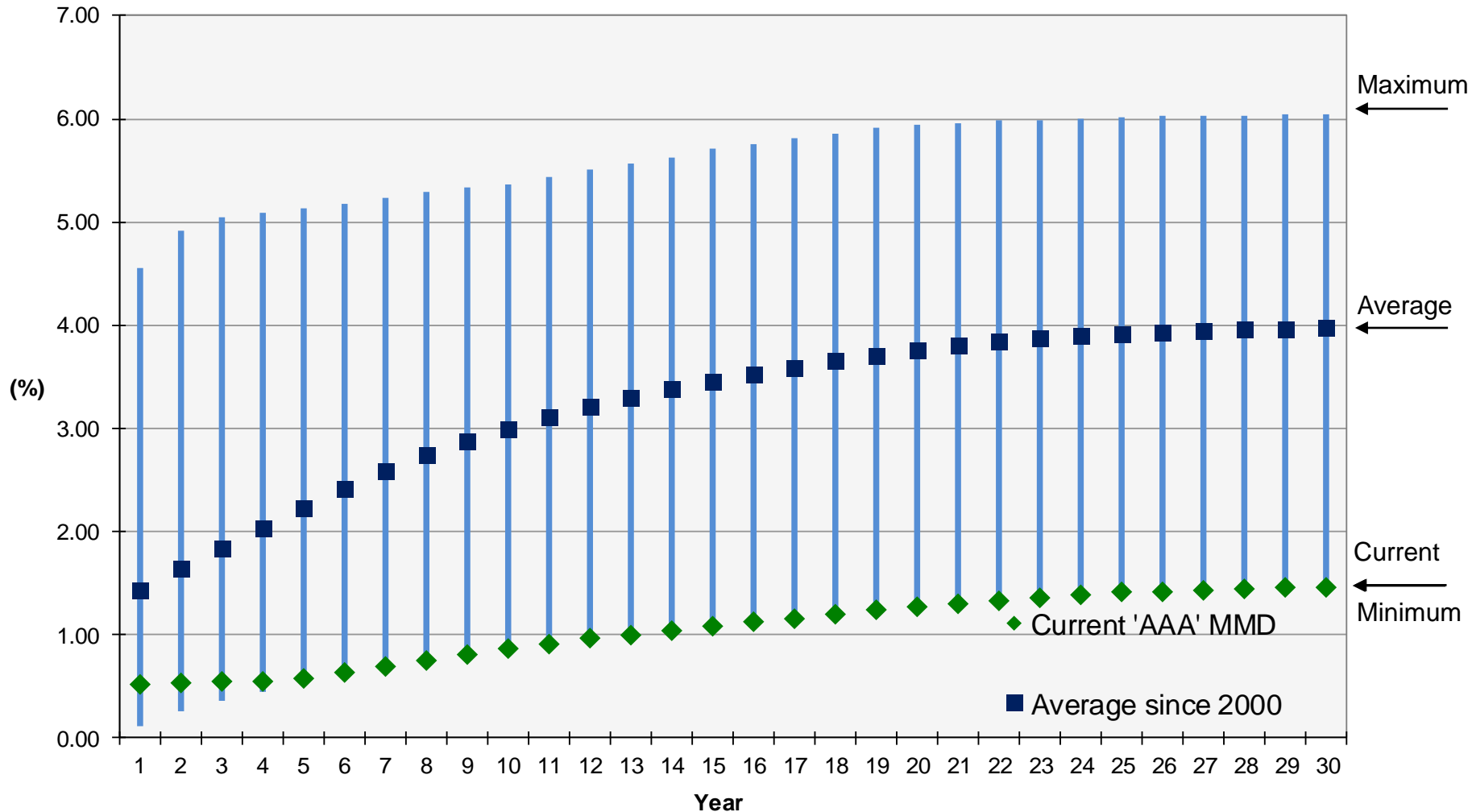
Bond Buyer 30-Day Visible Supply**



Texas Monthly Negotiated Issuance ***



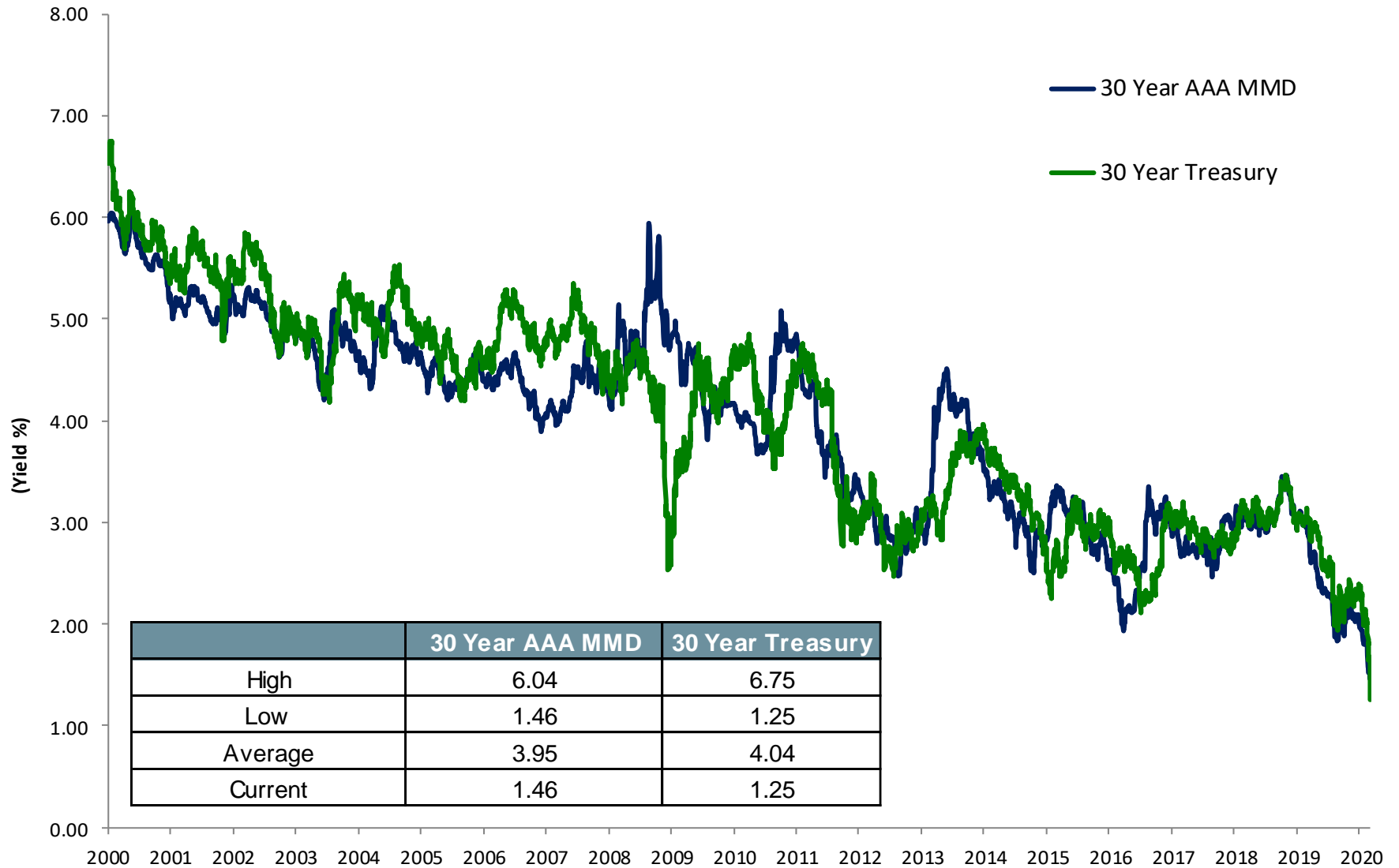
'AAA' MMD History Since 2000



Maturity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
% of time above current MMD	64%	77%	90%	97%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	

As of 03/06/2020

30 Year AAA MMD vs. 30 Year Treasury: Since 2000



Source: Thomson Reuters & Bloomberg

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