



Texas Market Update– Week of July 12, 2021

ESTRADA • HINOJOSA
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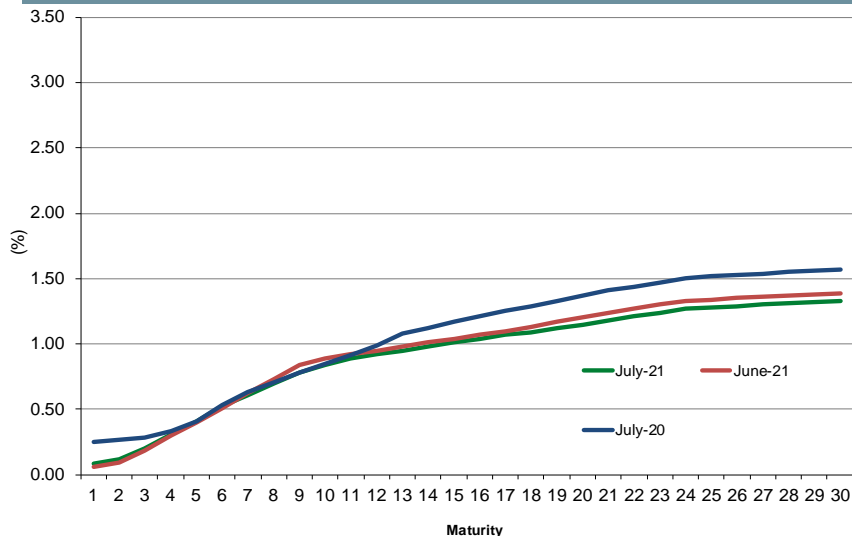
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Market Update

• Commentary for the week of July 12th

- The Municipal bond market continues to firm up with AAA MMD yields declining an additional 4-14 basis points last week. Municipal bond yields continue to outperform Treasuries, putting downward pressure on Municipal to U.S. Treasury ratios. According to Refinitiv Lipper, municipal bond funds saw over \$2.29 billion of inflows into muni bond funds last week. As of last Friday, the 10-year and 30-year AAA MMD yields stood at 0.84% and 1.33%, respectively.
- U.S. equities are trading higher and U.S. Treasury yields are slightly higher. Investors brace for earnings season, a slew of companies' results will be released this week. Also, there's a rising concern that the spread of COVID-19 variants will temper economic growth.
- The primary calendar is estimated to be \$11.3 billion and is comprised of \$7.9 billion in negotiated deals and \$3.4 billion in competitive sales. Texas municipal issuance is estimated to be \$698.5 million this week. The Texas primary calendar is comprised of \$464.6 million in negotiated financings and \$233.9 million in competitive sales.
- Estrada Hinojosa will participate in the following deals: a \$12.4 million City of Del Rio, Texas General Obligation Refunding Bonds, Series 2021 issue and a \$14.1 million Cameron County, Texas Certificates of Obligation, Series 2021 issue, both as Financial Advisor. A \$56.1 million City of Cleveland, Ohio Various Purpose and Refunding General Obligation Bonds, Series 2021A issue, as Co-Managing Underwriter and a \$8.3 million Mercedes Independent School District Unlimited Tax Refunding Bonds, Series 2021 issue, as Senior Managing Underwriter.

Municipal Market Data Yield Curve



| Year | Maturity | MMD (%) 7/9/2021 | Change Over Week | Change Over Month | Change Over Year |
|------|----------|---------------------|---------------------|----------------------|---------------------|
| 1 | 2022 | 0.08 | -0.04 | +0.02 | -0.17 |
| 2 | 2023 | 0.12 | -0.05 | +0.03 | -0.15 |
| 3 | 2024 | 0.20 | -0.05 | +0.02 | -0.08 |
| 4 | 2025 | 0.31 | -0.06 | +0.01 | -0.02 |
| 5 | 2026 | 0.41 | -0.09 | +0.01 | 0.00 |
| 6 | 2027 | 0.52 | -0.09 | +0.01 | -0.01 |
| 7 | 2028 | 0.61 | -0.09 | -0.01 | -0.02 |
| 8 | 2029 | 0.70 | -0.10 | -0.03 | -0.01 |
| 9 | 2030 | 0.78 | -0.11 | -0.06 | 0.00 |
| 10 | 2031 | 0.84 | -0.12 | -0.05 | -0.01 |
| 11 | 2032 | 0.89 | -0.13 | -0.03 | -0.02 |
| 12 | 2033 | 0.92 | -0.13 | -0.03 | -0.07 |
| 13 | 2034 | 0.95 | -0.13 | -0.03 | -0.13 |
| 14 | 2035 | 0.98 | -0.13 | -0.03 | -0.14 |
| 15 | 2036 | 1.01 | -0.13 | -0.03 | -0.16 |
| 16 | 2037 | 1.04 | -0.13 | -0.03 | -0.17 |
| 17 | 2038 | 1.07 | -0.13 | -0.03 | -0.18 |
| 18 | 2039 | 1.09 | -0.14 | -0.04 | -0.20 |
| 19 | 2040 | 1.12 | -0.14 | -0.05 | -0.21 |
| 20 | 2041 | 1.15 | -0.14 | -0.05 | -0.22 |
| 21 | 2042 | 1.18 | -0.14 | -0.06 | -0.23 |
| 22 | 2043 | 1.21 | -0.14 | -0.06 | -0.23 |
| 23 | 2044 | 1.24 | -0.14 | -0.06 | -0.23 |
| 24 | 2045 | 1.27 | -0.14 | -0.06 | -0.23 |
| 25 | 2046 | 1.28 | -0.14 | -0.06 | -0.24 |
| 26 | 2047 | 1.29 | -0.14 | -0.06 | -0.24 |
| 27 | 2048 | 1.30 | -0.14 | -0.06 | -0.24 |
| 28 | 2049 | 1.31 | -0.14 | -0.06 | -0.24 |
| 29 | 2050 | 1.32 | -0.14 | -0.06 | -0.24 |
| 30 | 2051 | 1.33 | -0.14 | -0.06 | -0.24 |

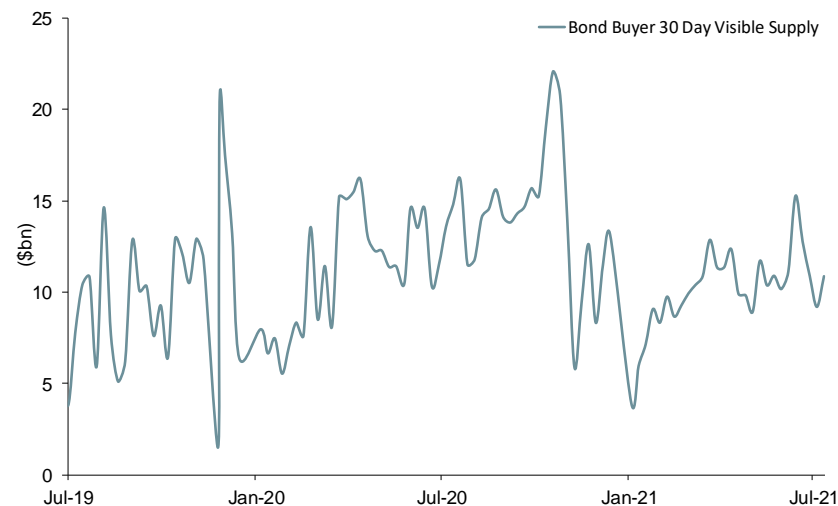
Source: * Bond Buyer
Municipal Market Data
Thomson Reuters

Market Supply

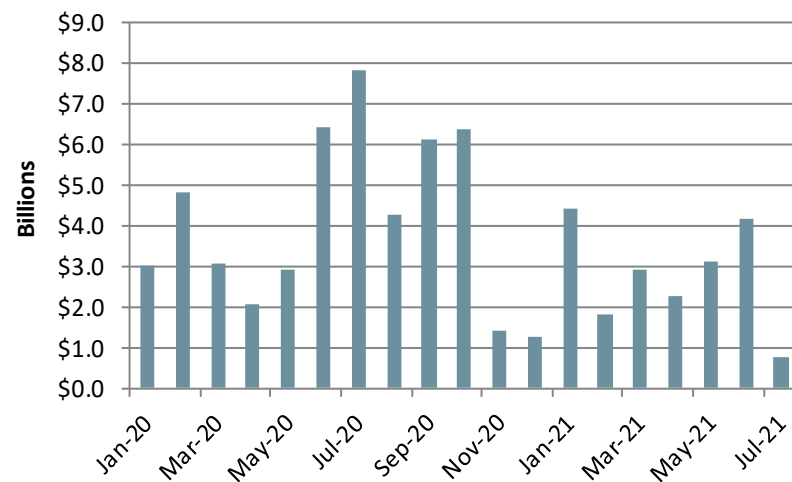
Calendar Week of July 12th

| Issue Description | Par Amount (\$000) | Ratings* | | | |
|---|--------------------------|----------|-----|-------|-----------|
| | | Moody's | S&P | Fitch | Insurance |
| Arlington Higher Education Finance Corp (Harmony Public Schools), TX - Educational Rev and Ref Bds, Ser. 2021A; 2021B (Taxable) and 2021C (Forward) | \$ 182,860 | Aaa | AAA | NR | PSF |
| City of San Antonio, Texas Educational Facilities Corp, TX - Higher Ed Rev Imp and Ref Bds, Ser. 2021A (University of the Incarnate Word) & Higher Ed Rev Ref Bds, Taxable Ser. 2021B | \$ 144,440 | Baa1 | NR | NR | - |
| City of Houston, TX - Convention & Entertainment Facilities Department Hotel Occupancy Tax and Special Rev Ref Bds, Ser. 2021 | \$ 32,685 | A2 | A | NR | - |
| City of Dallas Housing Finance Corp, TX - Multi-Family Housing Rev Bds, Ser. 2021 | \$ 30,000 | Aaa | NR | NR | - |
| Cameron County, TX - Certificates of Obligation, Ser. 2021 | \$ 14,050 | Aa3 | AA | NR | - |
| The Cameron County Housing Finance Corp, TX - Multifamily Housing Rev Bds, Ser. 2021 | \$ 14,000 | Aaa | NR | NR | - |
| City of Del Rio, TX - GO Ref Bds, Ser. 2021 | \$ 12,490 | NR | AA- | AA | - |
| College of the Mainland, TX - Ltd Tax GO Ref Bds, Ser. 2021 | \$ 11,605 | NR | AA- | NR | - |
| Mercedes Independent School District, TX - ULT Ref Bds, Ser. 2021 (Bank-Qualified) | \$ 8,305 | NR | AAA | NR | PSF |
| River Road Independent School District, TX - ULT Ref Bds, Ser. 2021 (Bank-Qualified) | \$ 7,945 | NR | AAA | NR | PSF |
| Texas Top 10 Total Negotiated Supply | <u>\$ 458,380</u> | | | | |
| Texas Total Negotiated Weekly Supply | <u>\$ 464,600</u> | | | | |

Bond Buyer 30-Day Visible Supply**



Texas Monthly Negotiated Issuance ***



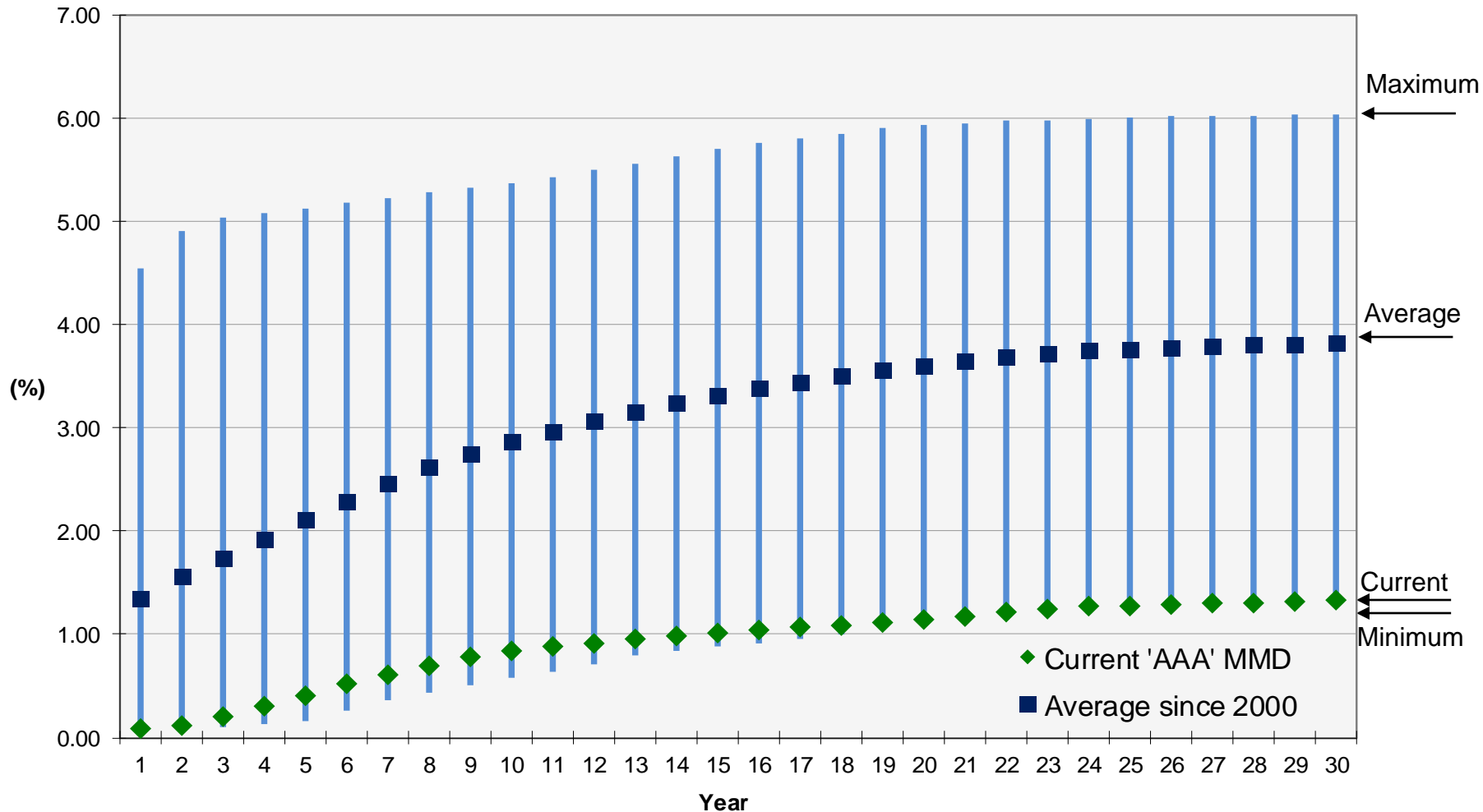
| | 2021 | 2020 | 2019 |
|--|----------------------|----------------------|----------------------|
| Total Texas Issuance YTD (000s) | \$ 18,456,204 | \$ 24,716,500 | \$ 18,213,000 |

*Rating reflects underlying or insured rating, as appropriate

**Source: The Bond Buyer

***Source: Bloomberg

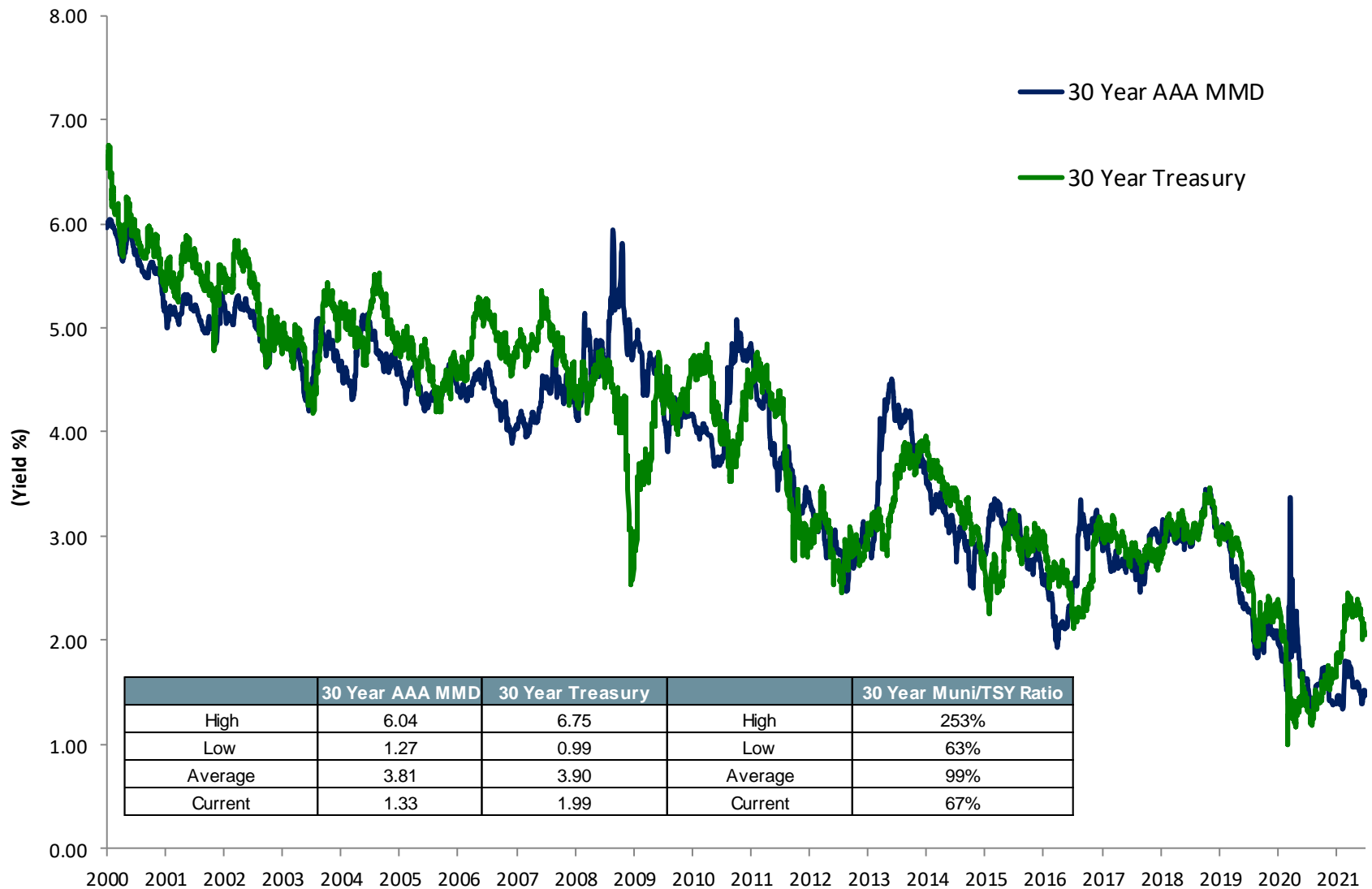
'AAA' MMD History Since 2000



| 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 | 99% | 98% | 97% | 96% | 96% | 96% | 97% | 97% | 97% | 97% | 98% | 98% | 98% | 98% | 98% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% |

As of 7/9/2021

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



Source: Thomson Reuters & Bloomberg

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