

Municipal Bond Investor Weekly

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



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Fixed Income Private Wealth

THE WEEK AHEAD

1. All eyes continue to watch for who President-Elect will appoint as Treasury Secretary.
2. Interest in this week's economic numbers will center around housing and jobs data.
3. New issue calendar is currently expecting to price over \$8 billion this week.



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*Director
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MONDAY'S COMMENTARY

Voters Prioritize Municipal Bond Referendums
Illustrative Portfolios

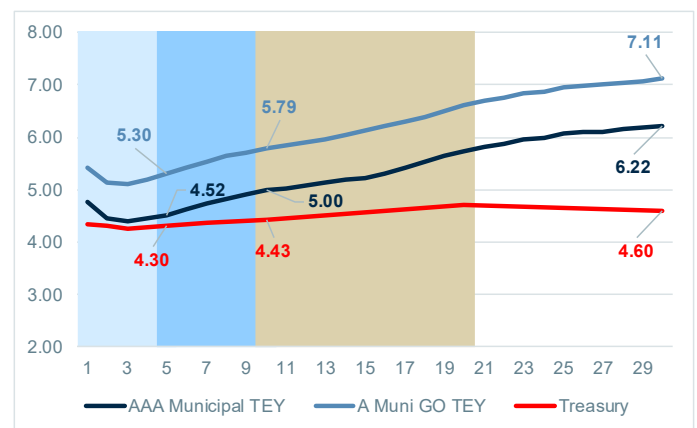
Page 2
Page 3

THE NUMBERS THIS WEEK

Treasury yields rose last week, with larger moves coming across the intermediate and long part of the curve. Short-term yields rose by 1 to 2 basis points, while longer-term yields were higher by 10 to 13 basis points. Municipal yields were unchanged to slightly lower with the benchmark AAA curve essentially unchanged 5 years and shorter and 1 to 2 basis points lower from 10 to 30 years.

Year		Treasury	Municipal (AAA)	Municipal (A)	Municipal TEY* (AAA)	Municipal TEY* (A)	Muni (AAA)/Tsy Ratio	Muni TEY* (AAA)/Tsy Ratio
1	2025	4.34	2.82	3.21	4.76	5.42	65%	110%
2	2026	4.31	2.63	3.04	4.45	5.13	61%	103%
5	2029	4.30	2.67	3.14	4.52	5.30	62%	105%
10	2034	4.43	2.96	3.43	5.00	5.79	67%	113%
20	2044	4.70	3.40	3.92	5.74	6.62	72%	122%
30	2054	4.60	3.69	4.21	6.22	7.11	80%	135%

*Taxable equivalent yield @ 40.8% tax rate



VOTERS PRIORITIZE MUNICIPAL BOND REFERENDUMS

As we put the election in our rear-view mirror and speed toward year end, let us take a moment to reflect on how municipal bonds referendums fared and how these measures could impact investors over the next few years. American voters were asked to consider more than \$80 billion in state and local bond issuance. By comparison, there were roughly \$45 billion in bond measures on ballots in 2020 (The Bond Buyer). Municipal bond issuance in 2024 is on track to be one of the biggest years on record, elapsing the same period in 2023 by 44%. According to projected vote counts (S&P, Bloomberg), over \$52 billion in state and local bond referendums are potentially going to pass. This should contribute to new supply of municipal bonds hitting the market over the next few years.

Californians approved five of the largest individual ballot referendums during November's election.

State	Issuer	Amount
CA	State of California	\$10.0 Billion
CA	State of California	\$10.0 Billion
CA	Los Angeles Unified School District	\$9.0 Billion
CA	San Diego Community College District	\$3.5 Billion
CA	San Jose Unified School District	\$1.2 Billion

Source: S&P Global Market Intelligence, Bloomberg LP

Northeast United States saw around \$1.3 billion in bond proposals on their ballots. Rhode Island, where a statewide bond referendum has not failed since 2006, approved \$343 million for higher education, housing, parks, and other improvement projects. Additionally, Providence voters passed \$400 million for public schools. Maine had three statewide measures totaling \$65 million, which all passed. Colchester, VT and Baltimore, MD approved bond issues for their public schools totaling \$115 million and \$250 million, respectively.

In the **Southeast**, three of the five largest referendums received approval. Nashville, TN electorate agreed with plans to fund improvements in street safety, upgrade intersections with smart signals and various other projects issuing a total of \$2.1 billion in revenue bonds, highlighted by also beginning to offer 24/7 public transportation for the first time in City history. Three bond measures totaling \$445 million were approved by Charlotte, NC precincts that will fund transportation, housing and neighborhood improvements. Fairfax County, VA endorsed two projects improving transportation and public safety with a total of \$300 million municipal bonds. While most referendums passed, Cary, NC rejected \$546 million, in part, because \$300 million had been earmarked for a sports complex. A bit more surprising was Lancaster County, SC voting down \$588 million in general obligation bonds that would have built a couple of schools and improve other facilities.

Midwest voters considered 158 smaller referendums on ballots in Illinois, Michigan, Ohio, & Wisconsin. Omaha, NE had six bond measures totaling \$333 million for equipping first responders, reduce flood risks with sewer improvements, street repairs, road project, and building downtown public facilities. Electors for Green Bay Area Public Schools in Wisconsin approved \$183 million in general obligation bonds, which was among the district's largest in decades.

Voters in the **Southwest** brought mixed results. Houston, TX voters rejected proposals for \$4.4 billion to fund school construction and improvements, while constituents of Round Rock School District in Texas approved \$932 million of nearly \$1 billion proposed new bonds. Colorado School Finance Project reported Colorado public schools were seeking roughly \$6.7 billion in referendum approvals and voters rejected just under \$2 billion. In Utah, two issuers were seeking approval with different results. Salt Lake City School Board easily won the go ahead for \$730 million in bonds and Salt Lake County's request for \$500 million is trending toward defeat. The latter involved consolidating two jails into a new facility. Three bond measures totaling \$580 million passed in Tempe, AZ and will provide funding to improvement projects, including aiding efforts to pave every mile of city streets. Four statewide

bond measures totaling \$290 million in New Mexico succeeded and will boost funding for various brick and mortar projects.

Voters nationwide overwhelmingly approved municipal bond referendums related to local school districts, various infrastructure projects and much needed housing programs. These bond measures passed decisively on a non-partisan basis, with margins that far exceeded 55% in most cases. With Raymond James squarely a top 10 municipal underwriter by par amount (The Bond Buyer), investors have a unique opportunity to access billions of dollars in new issue bonds annually. Consult your financial advisor to better understand the roll new issue municipals can play in your fixed income portfolio.

ILLUSTRATIVE PORTFOLIOS

Our illustrative proposals reflect three opportunities along the yield curve with bonds maturing from 1 to 30 years. Municipal bond yields were unchanged inside off 5 years and decreased ~2 basis points along the rest 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 continues to offer an additional 50+ basis points (over 10 – 20 years) and may be appropriate for some investors. The yield to worst is ~4.05%, which equates to a **taxable equivalent yield to worst of ~6.83%** 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 ~4.26%, which equates to a **taxable equivalent yield to maturity of ~7.19%**. This option has an average coupon around 4.31% and a market price of ~\$100.464. The **current yield is ~4.28%**. An investment with \$1 million par value (~\$1.018 million market value with accrued interest) will generate a federally tax-exempt annual coupon cash flow of ~\$43,125.

National Municipal Bond Illustrative Portfolios

Week of November 18, 2024

1 – 10 Years

10 – 20 Years

20 – 30 Years

Totals & Averages @ Market	
Summary Totals	
Original Face	\$1,000,000
Current Face (Par)	\$1,000,000
Market Principal	\$1,049,550
Accrued Interest	\$11,600
Cash & Cash Alternatives	\$0
-	-
-	-
Total Portfolio Value	\$1,061,150
Next 12mo Cpn Cash Flow	\$43,000
Generic Annual Cpn Cash Flow	\$43,000
Weighted Averages	
Coupon*	4.300%
Maturity**	5.17 yrs
Duration	3.48
Yield to Worst	3.016%
Yield to Maturity	3.248%
Market Price*	104.955
Tax Lots Holdings Included	20 of 20

*Par-Wtd, all else Mkt-Wtd.
**Avg life used for principal paydowns, and perpetual securities are assigned a 40 year maturity.

Totals & Averages @ Market	
Summary Totals	
Original Face	\$1,000,000
Current Face (Par)	\$1,000,000
Market Principal	\$1,054,802
Accrued Interest	\$10,269
Cash & Cash Alternatives	\$0
-	-
-	-
Total Portfolio Value	\$1,065,071
Next 12mo Cpn Cash Flow	\$45,000
Generic Annual Cpn Cash Flow	\$45,000
Weighted Averages	
Coupon*	4.500%
Maturity**	14.05 yrs
Duration	6.13
Yield to Worst	3.545%
Yield to Maturity	3.929%
Market Price*	105.480
Tax Lots Holdings Included	20 of 20

*Par-Wtd, all else Mkt-Wtd.
**Avg life used for principal paydowns, and perpetual securities are assigned a 40 year maturity.

Totals & Averages @ Market	
Summary Totals	
Original Face	\$1,000,000
Current Face (Par)	\$1,000,000
Market Principal	\$1,008,052
Accrued Interest	\$10,323
Cash & Cash Alternatives	\$0
-	-
-	-
Total Portfolio Value	\$1,018,374
Next 12mo Cpn Cash Flow	\$43,125
Generic Annual Cpn Cash Flow	\$43,125
Weighted Averages	
Coupon*	4.313%
Maturity**	24.15 yrs
Duration	11.15
Yield to Worst	4.047%
Yield to Maturity	4.261%
Market Price*	100.805
Tax Lots Holdings Included	20 of 20

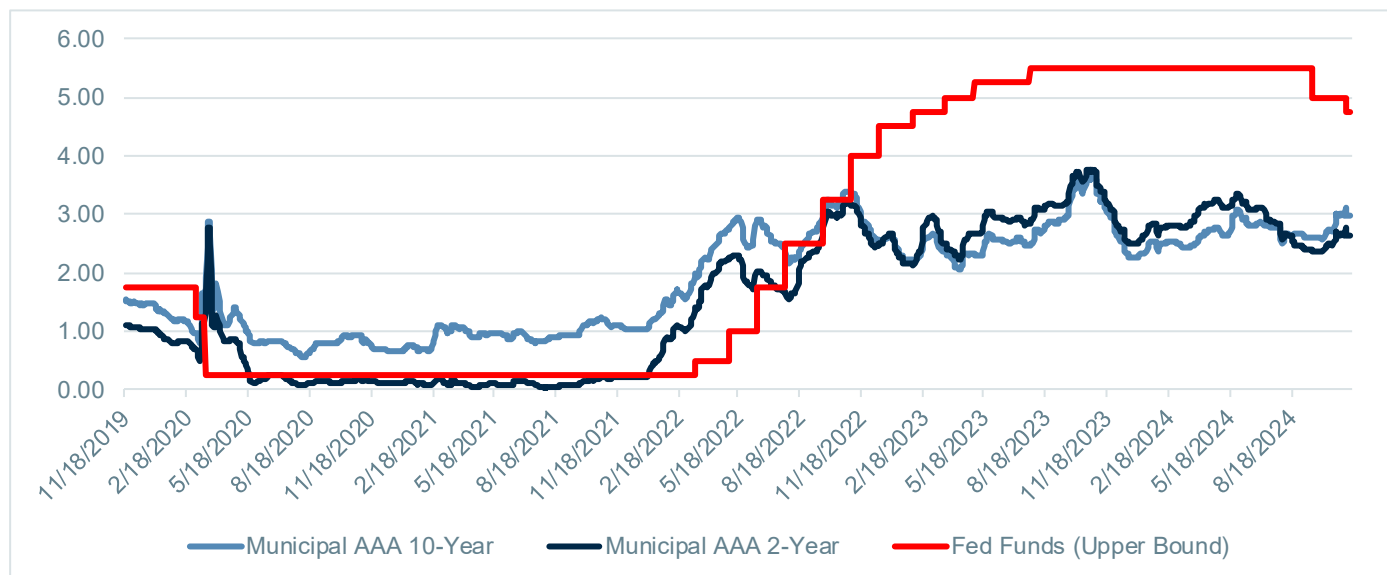
*Par-Wtd, all else Mkt-Wtd.
**Avg life used for principal paydowns, and perpetual securities are assigned a 40 year maturity.

NAVIGATING TODAY'S MARKET

Over \$8 billion in new issuance is expected to come to market this week according to The Bond Buyer. Some of the larger deals include: the California Community Choice Financing Authority (A1/-) is selling \$725 million of green clean energy project revenue bonds; the Airport Authority of Omaha, NE (A1/AA-) is issuing \$319 million of airport facilities AMT revenue bonds; Ector County, TX (-/AA-/AA-) is bringing a \$319 million certificates of obligation deal to market; the Pennsylvania Housing Finance Agency (Aa1/AA+) is selling \$249 million of single-family mortgage

non-AMT revenue bonds; and Austin, TX (Aa3/AA-/AA-) is issuing \$246 million of electric system revenue refunding bonds. See table below for additional new issuance.

HISTORICAL YIELDS



Date	Amount	Issuer	ST	Description	Moody's/S&P/Fitch	Maturity
11/18	\$10MM	Lone Jack Fire Protection Dist	MO	Lone Jack Fire Protection District, Missouri	--/AA--	2026 - 2034
11/18	\$8MM	City of Commerce Public Faciliti	GA	City of Commerce Public Facilities	--/AA+/-	2025 - 2033
11/18	\$324MM	Ector County	TX	Current Interest Bonds	--/AA-/AA-	2026 - 2050
11/18	\$70MM	New Mexico Mtg Fin A	NM	2024 SERIES G	Aaa/-/-	2026 - 2055
11/19	\$27MM	Cullman City BOE	AL	Special Tax School Warrants, Series 2024-	A1/-/-	2026 - 2054
11/19	\$11MM	Reading	PA	City of Reading, Berks County,	NR/A-/NR	2025 - 2044
11/19	\$90MM	New Caney ISD	TX	New Caney Independent School District (A	Aaa/-/AAA	2025 - 2042
11/19	\$4MM	Cullman City BOE	AL	Special Tax School Warrants, Series 2024-	Aa3/-/-	2026 - 2032
11/19	\$35MM	Caddo Mills ISD	TX	CADDO MILLS INDEPENDENT SCHOOL	Aaa/-/-	2029 - 2056
11/19	\$8MM	Wamego	KS	City of Wamego, Kansas	--	2027 - 2027
11/20	\$195MM	N Dakota Hsg Fin Agy	ND	2024 SERIES D (NON-AMT) (SOCIAL	Aa1/-/-	2026 - 2055
11/20	\$125MM	Tennessee Hsg Dev Ag	TN	Issue 2024-3C (Non-AMT)	Aa1/AA+/-	2056 - 2056
11/20	\$62MM	Petersburg	VA	CITY OF PETERSBURG, VIRGINIA	Aa1/A+/A+	2025 - 2054
11/20	\$31MM	Tennessee Hsg Dev Ag	TN	Issue 2024-3A (Federally Taxable) (Social	Aa1/AA+/-	2026 - 2055
11/20	\$99MM	Tennessee Hsg Dev Ag	TN	Issue 2024-3B (Non-AMT)	Aa1/AA+/-	2055 - 2055
11/20	\$249MM	Pennsylvania Hsg Fin	PA	PENNSYLVANIA HOUSING FINANCE	Aa1/AA+/NR	2025 - 2054
11/20	\$48MM	Pennsylvania Hsg Fin	PA	PENNSYLVANIA HOUSING FINANCE	Aa1/AA+/NR	2025 - 2054
11/21	\$6MM	Massachusetts Hsg Fi	MA	Single Family Housing Revenue Bonds,	Aa1/AA+/NR	2049 - 2049
11/21	\$144MM	Massachusetts Hsg Fi	MA	SINGLE FAMILY HOUSING REVENUE	Aa1/AA+/NR	2025 - 2054
11/21	\$15MM	Methacton SD	PA	Methacton School District	Aa2/NR/NR	2025 - 2054
11/21	\$14MM	Wilson Area SD	PA	Wilson Area School District	NR/AA-/NR	2025 - 2039

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.

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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.

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