



Ramirez Municipal Strategy

October 13, 2020

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Municipal Market Update

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Equity markets were volatile on the week but ended with the strongest weekly returns in three months (S&P 500: +3.8%) as investors assumed federal fiscal relief will materialize as Democrats appear increasingly likely to sweep Congress and the Presidency in Nov. Treasuries sold off to end the week led by the 30yr bond yield which rose +8 bps to a four month high of 1.57%. The week began with equity markets rallying on Trump recovering from Covid and optimism over a fiscal relief deal by the Nov 3 election. Fed Chair Powell on Tuesday said that the US economy desperately needs another round of fiscal relief. Trump, however, decided to halt negotiations for such federal aid on Tues until after the Nov 3 election, sending stocks down sharply. Stocks recovered Thursday as Trump completely reversed course, increasing the Republican fiscal aid offer to \$1.8 trillion from \$1.6 trillion; the proposal falls short of the Democratic proposal for \$2.2 trillion and Sen. McConnell doubted that any aid package would be approved before the election. Other market influences included the US Covid death toll passing 212k and US jobless claims of 840k (820k exp), the lowest level since March. This week began yesterday with equities rallying on surge in technology stocks while the US bond market was closed for Columbus day. Hearings for Amy Coney Barrett for SCOTUS began. The week kicks of 3Q earnings season, annual meetings of the IMF and World Bank throughout the week, and continued talks between Dems and Repubs on fiscal stimulus for the economy. In economic data releases we have Sept CPI, PPI, Univ of Mich consumer confidence, and retail sales. Trump vs. Desperation.

Tax-exempts outperformed but posted losses in sympathy with Treasuries and an outsized issuance calendar of \$16.1 bil., which included \$4.8 bil. taxable, or 30%. The largest deals of last week included \$2.4 bil DASNY PIT, \$1 bil NYC Go, and \$664 San Francisco Public Utilities. MMD was cut across the curve led by the 30yr spot which was cut +10 bps to 1.73% (110% M/T ratio). Investors clamored for the higher yields on offer as fund flows were +1.73 bil. on the week, a stark reversal following the prior week's outflow of -\$775 mil. Gross supply YTD is \$363 bil, or +24.2% y/y driven by taxable issuance at +203% y/y. This week's gross supply is another large calendar, estimated at \$12.8 bil., led by deals from \$706 mil Denver Airport, \$608 mil. Kansas City Airport, and \$508 mil. Baptist Healthcare. Visible net supply over the next 30 days is estimated at \$2.1 bil., reflecting \$19.6 bil. of maturities and calls and \$21.8 bil. of announced supply. Munis remain fairly valued on a ratio and spread basis (pg 6,7).

Current Market Rates (%)				
Index	10/9/2020	10/2/2020	12/31/2019	10/11/2019
5 Yr UST	0.337	0.286	1.691	1.751
10 Yr UST	0.774	0.701	1.918	1.896
30 Yr UST	1.572	1.487	2.389	2.371
5 Yr MMD	0.290	0.260	1.070	1.120
10 Yr MMD	0.950	0.880	1.440	1.400
30 Yr MMD	1.730	1.630	2.090	2.000

Source: Bloomberg

	SIFMA (%)*	67% of 1-M LIBOR (%)
10/10/2020	0.11	0.10
10/3/2020	0.11	0.09
9/13/2020	0.08	0.10
4/16/2020	0.36	0.48
10/14/2019	1.40	1.27

Source: Bloomberg

	30-Day	60-Day	90-Day
CP (%)	0.17	0.18	0.19

*Rates represent general market paper backed by quality banks

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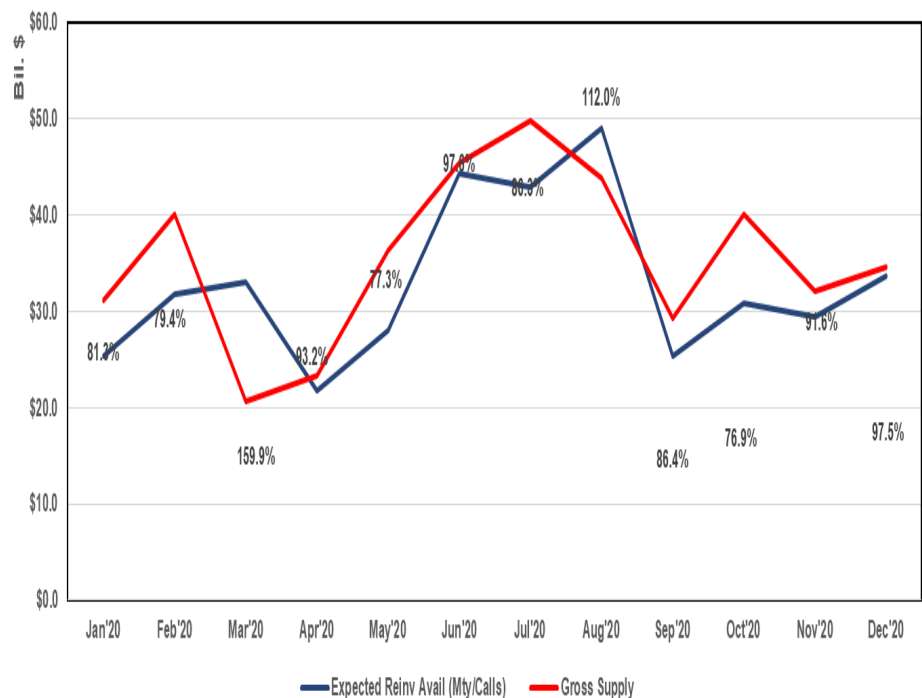
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Date	Gross Supply \$bil	Maturities \$bil	Calls \$bil	Expected Reinv Avail (Mty/Calls) \$bil	Net Supply \$bil	Expected Reinv % Gross Sply
Jan'20	31	(14)	(11)	25	6	81%
Feb'20	40	(22)	(10)	32	8	79%
Mar'20	21	(14)	(19)	33	(12)	160%
Apr'20	23	(13)	(9)	22	2	93%
May'20	36	(18)	(10)	28	8	77%
Jun'20	45	(31)	(14)	44	1	98%
Jul'20	50	(31)	(12)	43	7	86%
Aug'20	42	(37)	(12)	49	(7)	116%
Sep'20	46	(15)	(10)	25	20	56%
Oct'20	35	(19)	(12)	31	4	89%
Nov'20	28	(18)	(12)	29	(2)	106%
Dec'20	30	(22)	(12)	34	(4)	113%
Total	427	(254)	(142)	396	31	93%

Source: Bloomberg, Ramirez

Reinvestment Avail % Gross Supply - 2020 Proj



2020 Forecast

Gross Supply - Tax Status

	Total	% YoY	% Tot
Tax-Exempt	\$ 291	-15%	68%
Taxable	\$ 136	97%	32%
Total	\$ 427	4%	100%

Gross Supply - Purpose

	Total	% YoY	% Tot
New Money	\$ 260	7%	61%
Refunding	\$ 167	11%	39%
Total	\$ 427	4%	100%

Source: Bloomberg, Ramirez

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Muni Primary Market

Gross Supply (\$ in millions)

	As of 10/9/20
Last Week	16,116
12wk Moving Avg.	11,120
YTD	362,611
Total Issuance YoY	24.2%

Source: Bloomberg

Weekly Visible Supply (\$ in millions)

	Week of 10/13/20
Total	12,762
Comp.	3,455
Neg.	9,307

Source: Bloomberg, Ramirez

30-Day Visible Supply (\$ in millions)

	Current		2020 High		2020 Low	
	Total	\$	Date	\$	Date	
Total	\$20,990	\$20,990	(10/9)	\$7,052	(1/29)	
Comp.	5,829	7,412	(10/7)	1,325	(3/24)	
Neg.	15,161	15,488	(8/18)	4,085	(2/19)	

Source: Bond Buyer

Top Competitive Issuances Coming to Market

Issuer	State	Amount (\$mil.)
NYC TFA	NY	200
Clark Co	NV	188
Cook Kane ETC Co CCD #512	IL	180
Jacksonville Transp Rev	FL	155
Waltham	MA	150

Source: Bloomberg

Top Negotiated Issuances Coming to Market

Issuer	State	Amount (\$mil.)
Denver Airport	CO	706
Kansas City Airport	MO	608
Baptist Healthcare		508
Atlanta Wtr & Wstwr	GA	504
NC Turnpike Auth	NC	499

Source: Bloomberg

Ramirez Negotiated Issuances Coming to Market

Underwriters will attempt to market \$12.8 bil. of munis during the week of 10/13, led in the negotiated space by \$706 mil. Denver Arpt, \$608 mil. Kansas City Arpt, \$508 mil. Baptist Hlthcr, \$504 mil. Atlanta Wtr & Wstwr, and \$499 mil. NC Turnpike Auth. The competitive calendar is highlighted by \$200 mil. NYC TFA, \$188 mil. Clark Co, and \$180 mil. Cook Kane ETC Co CCD #512.

Issuer	State	Amount (\$mil.)	Senior Manager	Ramirez Role
Denver Airport	CO	706	Barclays	Co-Mgr
Kansas City Airport	MO	608	MS	Co-Mgr
Connecticut HFA MFH	CT	150	MS	Co-Mgr
Colton Jt USD	CA	60	Piper	Co-Mgr

Economic Calendar

Monday (10/12)	Tuesday (10/13)	Wednesday (10/14)	Thursday (10/15)	Friday (10/16)
	CPI MoM	MBA Mortgage Applications	Initial Jobless Claims	U. of Mich. Sentiment
	CPI Ex Food and Energy MoM	PPI Final Demand MoM	Continuing Claims	Retail Sales Advance MoM
	CPI YoY	Monthly Budget Statement	Bloomberg Consumer Comfort	Industrial Production MoM
	NFIB Small Business Optimism	PPI Final Demand YoY	Empire Manufacturing	Monthly Budget Statement
	U.S. To Sell USD54 Bln 13-Week Bills	PPI Ex Food and Energy MoM	Philadelphia Fed Business Outlook	Net Long-term TIC Flows
	U.S. To Sell USD51 Bln 26-Week Bills	PPI Ex Food and Energy YoY	Import Price Index MoM	Total Net TIC Flows
	U.S. To Sell USD30 Bln 119-Day CMB	Fed's Barkin Speaks to Economic Outlook Conference	Fed's Quarles Discusses Response to Covid-19	Retail Sales Ex Auto MoM
	U.S. To Sell USD30 Bln 43-Day CMB	Fed's Quarles Takes Part in Panel on Financial Stability	Fed's Kashkari Speaks on U.S. Economic Outlook	Capacity Utilization

Source: Bloomberg

Taxable Muni Supply

Taxable Supply (\$ in millions)		Weekly Visible Supply(\$ in millions)	
	As of 10/9/20		Week of 10/13/20
Last Week	4,838	Total	5,232
12wk Moving Avg.	3,718	Comp.	913
YTD	109,586	Neg.	4,319
% of Total Supply YTD	30.2%	Source: Bloomberg, Ramirez	
Taxable Issuance YoY	+203%		

Source: Bloomberg

Top Taxable Competitive Issuances Coming to Market

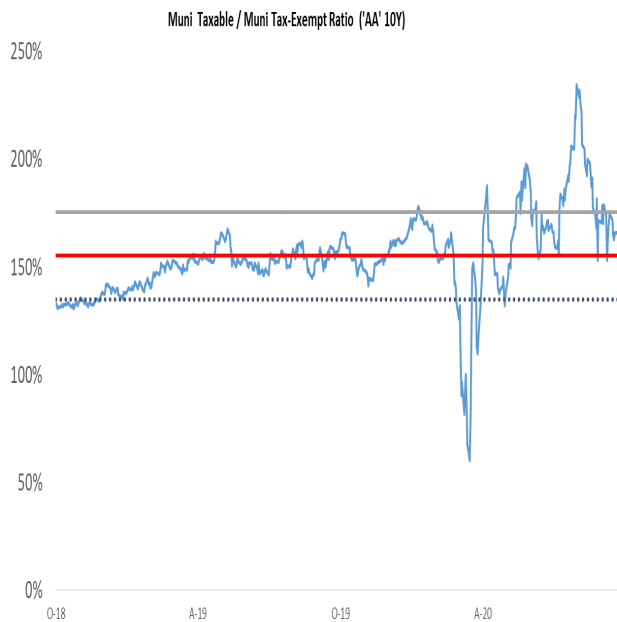
Issuer	State	Amount (\$mil.)
Clark Co	NV	188
Jacksonville Transp Rev	FL	155
VA Cmwlth	VA	119
Johnson Co Wtr DT #1	KS	88
Univ of MN	MN	85

Source: Bloomberg

Top Taxable Negotiated Issuances Coming to Market

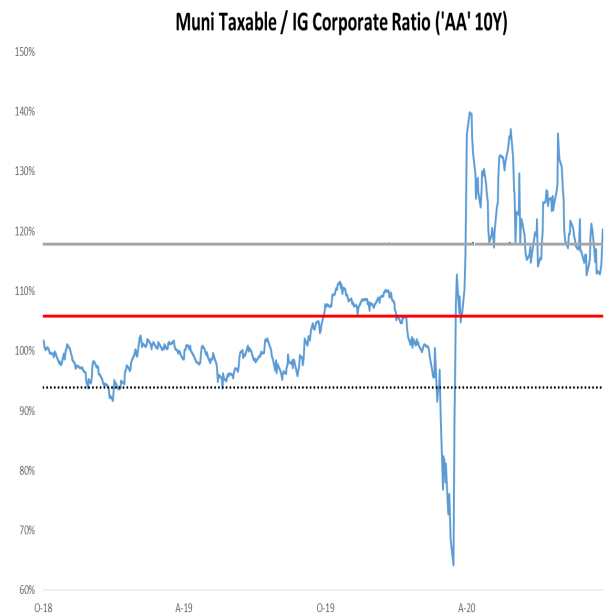
Issuer	State	Amount (\$mil.)
Denver Airport	CO	706
Baptist Healthcare		508
Atlanta Wtr & Wstwtr	GA	504
Torrance Jt Pwrs	CA	349
Palomar Cmnty Clg	CA	318

Source: Bloomberg



Source: Bloomberg

— ratio — Avg — +1SD -1SD



Source: Bloomberg

— ratio — Avg — +1SD -1SD

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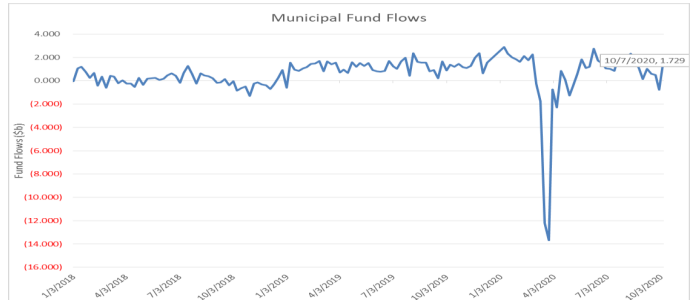


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Muni Market Demand

Tax-exempt mutual funds reported inflows of \$1.73 bil. for the week ended October 7th making it the first week of inflows following one week of outflows. This compares to the 12-week moving average of a \$1.2 billion inflow.



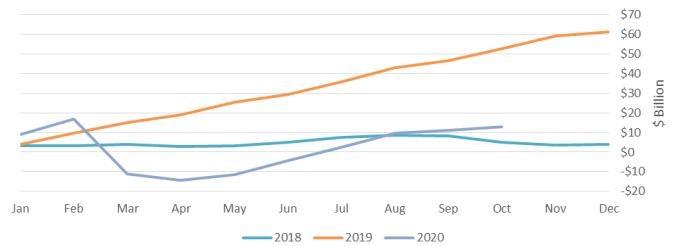
Source: Lipper Fund Flows

US Lipper Fund Flows

Sector	Flow Change (\$B)	YTD (\$B)
Tax-Exempt	Inflow: 1.729	Inflow: 12.817
Money Market	Outflow: -20.395	Inflow: 665.287
Taxable	Inflow: 15.321	Inflow: 136.125
Equities	Outflow: -5.995	Outflow: -200.788

Source: Lipper Fund Flows

Cumulative Fund Flows

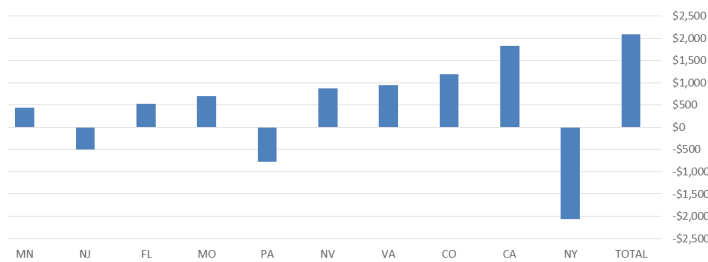


Source: Bloomberg

Muni Market Supply

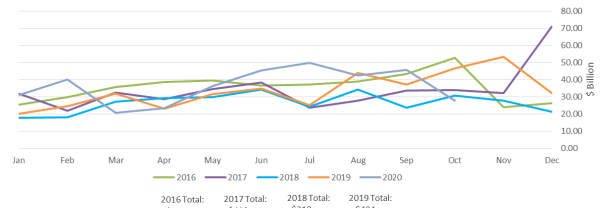
Over the next 30 days, we see net muni market supply at \$2.1 bil., comprised of +\$21.76 bil. new issues, -\$10.33 bil. maturing, and -\$9.33 bil. announced calls. The states that stand to experience the largest change in outstanding debt include New York (-\$2.07 bil.), California (\$1.83 bil.), Colorado (\$1.19 bil.), Virginia (\$946 mil.), and Nevada (\$876 mil.).

Largest Net Flows - Next 30 Days



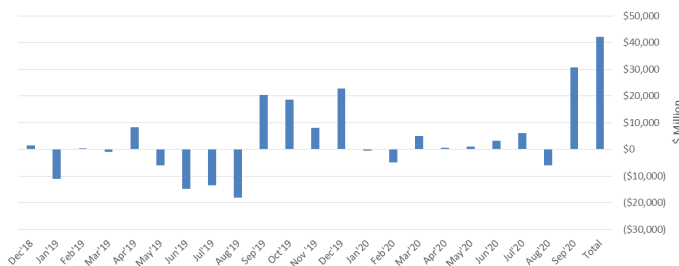
Source: Bloomberg

Monthly Gross Supply



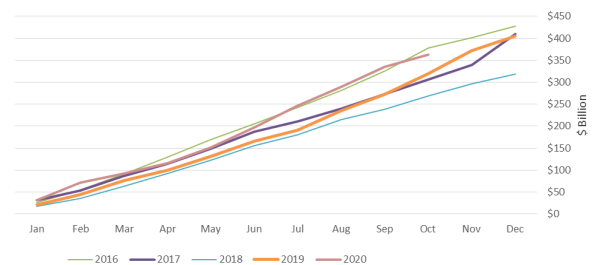
Source: Bloomberg, Ramirez

Net Supply - 12 Months



Source: Bloomberg

Cumulative Gross Supply



Source: Bloomberg, Ramirez

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Market Performance

WEEK ENDING: 10/9/20

Ticker	INDEX	TOTAL RETURN (%)										YIELD (%)								
		WTD	Oct '20	Sept '20	3Q20	2020	2019	2018	2017	3Y	5Y	WTD	YTD	Lo	Hi	Mean	Vol	Z-score		
		10/9/20	Δ	Δ	12M	12M	12M	12M	12M	3Y	10/9/20	Δ	Δ	12M	12M	12M	12M	12M	3Y	
TREASURY - TERM																				
LUATRUU	TREASURY - ALL	-0.50	-0.64	0.14	0.17	8.20	6.86	0.86	2.31	5.54	3.92	0.55	0.05	-1.24	0.40	1.87	0.98	0.57	-0.75	-1.69
LU13TRUU	SHORT	-0.01	-0.02	-0.01	0.16	2.83	4.04	1.60	0.87	2.83	2.13	0.36	0.01	-1.39	0.30	1.88	1.01	0.61	-1.07	-1.95
LU35TRUU	SHORT-INT	-0.05	-0.06	-0.08	0.36	4.96	6.33	1.14	1.75	4.14	3.28	1.08	0.03	-1.05	0.95	2.22	1.53	0.46	-0.98	-1.80
LU57TRUU	INTRMD	-0.14	-0.16	0.01	0.78	7.14	7.32	0.90	2.60	5.26	4.13	1.09	0.04	-1.26	0.83	2.49	1.61	0.57	-0.93	-1.83
LU71TRUU	LONG-INT	-0.18	-0.21	0.03	1.30	9.14	9.77	0.16	3.52	6.72	5.29	1.42	0.02	-0.98	1.23	2.68	1.88	0.42	-1.10	-1.78
LU10TRUU	LONG	-0.60	-0.80	-0.14	1.21	13.27	19.57	-4.55	10.47	10.84	10.13	2.40	0.04	-0.64	2.05	3.33	2.63	0.32	-0.70	-1.55
MUNICIPAL - TERM																				
SAPISH	SHORT	-0.04	-0.06	0.08	0.49	2.03	3.11	1.78	1.16	2.15	1.72	0.42	0.02	-0.73	0.36	3.06	0.90	0.43	-1.12	-2.00
SAPISHI	SHORT-INT	-0.10	-0.12	0.09	0.90	2.79	4.73	1.78	2.39	2.96	2.52	0.65	0.03	-0.62	0.55	3.21	1.07	0.37	-1.03	-1.85
SAPIINT	INTRMD	-0.22	-0.25	0.05	1.20	3.30	6.92	1.55	4.74	4.07	3.81	1.16	0.04	-0.42	0.96	3.46	1.45	0.37	-0.78	-1.57
SAPILI	LONG-INT	-0.26	-0.30	0.03	1.27	3.37	7.51	1.46	5.42	4.38	4.18	1.31	0.05	-0.37	1.07	3.51	1.55	0.36	-0.68	-1.47
LM22TR	LONG	-0.56	-0.69	-0.14	1.41	2.42	10.26	0.34	8.19	5.09	5.35	2.34	0.09	-0.06	1.71	4.08	2.40	0.38	-0.16	-1.06
MUNICIPAL - QUALITY																				
SAPIMAIN	MUNI-EXEMPT	-0.25	-0.28	0.02	1.18	2.90	7.26	1.36	4.95	4.17	4.01	1.44	0.05	-0.38	1.22	3.63	1.71	0.36	-0.75	-1.57
SPMUTT	MUNI-TAXABLE	-0.77	-0.84	0.12	1.95	7.29	9.85	0.95	6.81	6.73	6.77	2.48	0.07	-0.75	2.34	3.56	2.89	0.32	-1.27	-1.88
SAPIQI	HIGH-GRADE	-0.23	-0.27	0.06	0.97	3.83	6.57	1.28	4.22	4.00	3.56	0.84	0.05	-0.58	0.83	3.21	1.18	0.39	-0.86	-1.66
SAPIRA	'A' RATED	-0.26	-0.27	0.07	1.32	2.64	7.37	1.19	5.41	3.96	4.06	1.45	0.05	-0.37	1.21	3.62	1.76	0.37	-0.83	-1.60
SAPI3B	'BBB' RATED	-0.27	-0.32	-0.45	1.97	0.23	9.18	1.54	7.97	4.04	4.66	2.56	0.05	0.26	1.72	4.66	2.65	0.60	-0.15	-0.72
LMHYTR	HIGH YIELD	-0.18	-0.29	0.10	3.09	0.07	10.68	4.76	9.69	5.91	6.56	4.61	0.04	0.61	3.29	6.16	4.52	0.67	0.13	-0.25
MUNICIPAL - SECTOR																				
SAPIPRE	PRE-RE	-0.07	-0.09	0.09	0.38	2.01	3.03	1.64	1.07	2.09	1.66	0.27	0.03	-0.83	0.23	2.87	0.76	0.45	-1.08	-2.00
SAPIGO	GO	-0.25	-0.28	-0.03	0.94	3.60	7.00	1.14	4.56	4.20	3.75	1.09	0.04	-0.54	0.86	3.39	1.41	0.39	-0.81	-1.63
SAPIDT	DED TAX	-0.28	-0.31	0.05	1.39	2.45	8.26	1.91	3.73	4.38	4.14	1.71	0.04	-0.27	1.41	3.80	1.92	0.35	-0.61	-1.43
SAPIWRSR	WTR-SWR	-0.29	-0.32	0.03	0.93	3.82	7.25	1.01	5.31	4.42	4.23	1.12	0.05	-0.56	0.88	3.41	1.43	0.39	-0.79	-1.61
SAPIPOW	PUB PWR	-0.24	-0.25	0.06	1.06	3.41	6.57	1.38	3.20	4.05	3.63	1.10	0.04	-0.51	0.90	3.42	1.43	0.38	-0.85	-1.66
SAPIHE	HEALTHCARE	-0.31	-0.34	0.25	2.12	1.88	8.38	1.23	7.00	4.52	4.61	2.30	0.06	-0.06	1.76	4.10	2.46	0.38	-0.42	-1.20
SAPIHD	HIGHER ED	-0.30	-0.32	0.09	1.20	2.58	7.94	1.18	6.20	4.20	4.31	1.85	0.05	-0.21	1.46	3.81	2.02	0.33	-0.50	-1.33
SAPITRAN	TRANSPORT	-0.30	-0.32	-0.22	1.25	1.55	8.06	0.95	6.25	3.90	4.20	1.88	0.05	-0.01	1.33	3.84	1.99	0.41	-0.28	-1.05
SAPIHOU	HOUSING	-0.27	-0.28	0.09	1.20	3.29	7.26	1.13	5.59	4.41	4.29	1.97	0.05	-0.39	1.75	3.92	2.21	0.32	-0.75	-1.57
SAPITB	TOBACCO	-0.01	0.00	-0.25	2.76	11.18	11.86	3.60	17.82	10.34	13.29	3.14	0.01	0.23	2.30	5.56	3.46	0.73	-0.43	-1.15
SAPIIP	IDB	-0.22	-0.24	0.10	1.72	1.26	7.89	1.56	6.40	3.94	4.19	2.33	0.04	0.01	1.78	4.87	2.58	0.56	-0.45	-1.13
GLOBAL / CORP / EQUITY																				
spx	S&P 500	3.84	3.39	-3.92	8.47	7.63	28.88	-6.24	19.42	12.81	15.28	1.77	-0.07	-0.20	1.64	2.77	1.94	0.20	0.22	-1.96
LEGATRUU	GLOBAL AGG	0.34	0.44	-0.36	2.66	6.19	6.84	-1.20	7.39	4.29	4.12	0.91	0.01	-0.53	0.80	1.61	1.15	0.22	-1.05	-1.68
LUACTRUU	US CORP-IG	0.12	0.13	-0.29	1.54	6.78	14.54	-2.51	6.42	6.77	6.69	2.00	-0.02	-0.83	1.82	4.58	2.55	0.52	-1.06	-1.86
LF98TRUU	US CORP-HY	1.20	1.36	-1.03	4.60	1.99	14.32	-2.08	7.50	4.82	7.56	5.32	-0.37	0.19	4.98	11.69	6.33	1.42	-0.71	-1.05

Rich Fair Cheap
*Rich/Cheap: +/- 100 Z-scr

Rates & Ratios

	This Wk	Last Wk	End Qtr	End Yr	Mean		Value		WTD	MTD	QTD	YTD	
					12M	3Y	12M	3Y					
	10/9/20	10/2/20	9/30/20	12/31/19					Perf	Perf	Perf	Perf	
AAA MMD / UST													
	Ratios								Ratios		Ratios		Ratios
2 Yr	98%	101%	102%	66%	155%	98%	Fair	Fair	-2.8	Out	-4.3	Out	31.8
5 Yr	86%	91%	94%	63%	123%	90%	Fair	Fair	-4.9	Out	-8.0	Out	22.7
10 Yr	123%	126%	127%	75%	120%	95%	Fair	Fair	-2.8	Out	-4.4	Out	47.7
30 Yr	110%	110%	111%	87%	113%	102%	Fair	Fair	0.4	Under	-1.3	Out	22.6
UST													
	BPS								BPS		BPS		BPS
2 Yr	0.15	0.13	0.13	1.57	0.70	1.74	Fair	Rich	2.4		2.6		-141.6
5 Yr	0.34	0.29	0.28	1.69	0.80	1.87	Fair	Rich	5.1		6.1		-135.4
10 Yr	0.77	0.70	0.68	1.92	1.08	2.09	Fair	Rich	7.3		9.0		-114.4
30 Yr	1.57	1.49	1.46	2.39	1.68	2.51	Fair	Rich	8.5		11.7		-81.7
AAA MMD													
	BPS								BPS		BPS		BPS
2 Yr	0.15	0.13	0.13	1.04	0.67	1.25	Rich	Rich	2.0		2.0		-89.0
5 Yr	0.29	0.26	0.26	1.07	0.76	1.42	Rich	Rich	3.0		3.0		-78.0
10 Yr	0.95	0.88	0.87	1.44	1.14	1.81	Fair	Rich	7.0		8.0		-49.0
30 Yr	1.73	1.63	1.62	2.09	1.83	2.48	Fair	Rich	10.0		11.0		-36.0

*Rich/Cheap: +/- 1.0 Z-Score

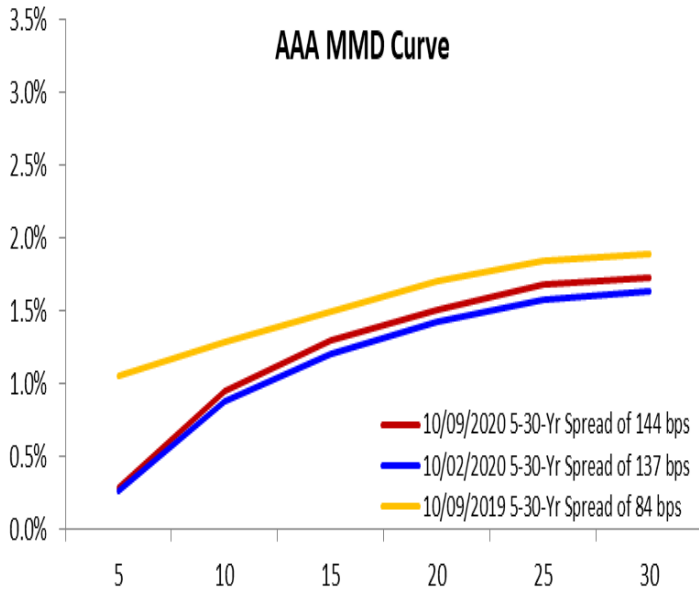
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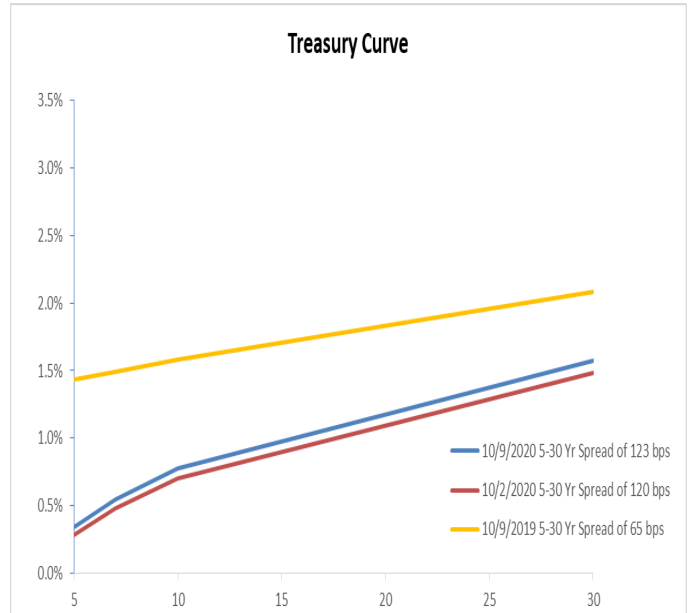


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Source: Thomson Reuters (TM3)



Source: Bloomberg

MUNI TAX-EXEMPT SECTOR CREDIT SPREADS (10Y)

2y Historical

Sector	Rating	10/9/20	Avg	Min	Max	SD	Z-Scr	Value	Sharpe
GO	AA	26	21	8	54	7	0.66	Fair	1.4
	A	44	39	16	71	10	0.50	Fair	3.0
HOSP	AA	41	34	11	107	16	0.48	Fair	1.6
	A	85	64	32	146	26	0.77	Fair	2.6
HI ED	AA	34	20	5	43	9	1.63	Cheap	2.1
	A	100	54	16	139	27	1.70	Cheap	3.1
TRANS	AA	44	30	5	99	25	0.57	Fair	1.1
	A	68	47	21	145	27	0.74	Fair	1.9
POWER	AA	20	14	3	39	5	1.13	Cheap	0.8
	A	43	37	21	59	9	0.63	Fair	3.1
WTR / SWR	AA	16	17	5	37	5	-0.32	Fair	0.0
	A	45	43	26	83	10	0.18	Fair	2.8
HY	<BBB-	290	258	159	403	72	0.43	Fair	3.8

Source: Bloomberg

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¹ For purposes of the debt Rule FINRA 2242, a "debt security" excludes any equity security, municipal security and security-based swap (each as defined under the Exchange Act) and any US Treasury (as defined in FINRA Rule 6710 (p)).