



GENTER
CAPITAL MANAGEMENT

Muni Market Update

May 2025

Muni Market Highlights

- The tax-exempt market in May was far less volatile than April, with tariff related impacts going on "pause".
- A significant amount of the new issue supply slated for April was postponed and pushed to May.
- This presented more opportunities in the primary market for our clients.

Like the Treasury yield curve, the tax-exempt curve steepened in May. Uncertainty with the impending budget bill and the elevated deficit contributed to the steepening, as fixed income investors in May shifted to shorter duration and more defensive position. The best performing parts of the tax-exempt curve for the month were the 2–7-year tenors.

The new issue market continues to provide excellent opportunities for alpha in the municipal bond market. Like last year, our new issue participation year-to-date is high. We expect to see elevated supply to continue through the summer, along with favorable technical factors, such as cash flow generated from maturities and coupon payment, to support the robust issuance.

AAA benchmark curve changes for the month of May.*

Tenor	AAA Curve 5/1/2025	AAA Curve 5/30/2025	Change bps
2026 (1yr)	2.85	2.77	(8)
2027 (2yr)	2.90	2.78	(12)
2028 (3yr)	2.95	2.82	(13)
2029 (4yr)	2.98	2.84	(14)
2030 (5yr)	3.02	2.88	(14)
2032 (7yr)	3.14	3.02	(12)
2035 (10yr)	3.33	3.31	(2)
2040 (15yr)	3.74	3.80	6
2045 (20yr)	4.10	4.20	10
2050 (25yr)	4.32	4.44	12
2055 (30yr)	4.42	4.54	12

HIGHLIGHTED NEW ISSUE PURCHASES IN MAY (SPREADS QUOTED AS OF TRADE DATE TO AAA)

NATIONAL

- Durham NC Hsg Auth RV – 3.635% 2028 AA1 @ **3.625% (+70bp)**
- Washington Hlth Care RV (MultiCare health) – 5% 2030 AA (AGM insured) @ **3.64% (+62bp)**
- Indianapolis IN Airport RV – 5% 2032 A1 @ **4.05% (+90bp)**
- Shreveport LA GO – 5.25% 2036 AA (AGM insured) @ **4.18% (+83bp)**

CA

- Fullerton CA High Sch Dist. – 5% 2025 AA (AGM insured) @ **3.25% (+29bp)**
- Southern CA Pub Pwr Auth – 3.7% 2027 AA- @ **3.70% (+80bp)**
- La Canada CA Irrigation Dist. – 5.25% 2037 A @ **3.86% (+50bp)**
- Central CA USD COP – 5.00% 2040 AA (BAM insured) @ **0.17% (+46bp)**

GENTER PORTFOLIO STATS AS OF 6/3/25*

- Municipal Quality Intermediate - California: YTW 3.42%, Duration 3.80
- Municipal Quality Intermediate - National YTW 3.60%, Duration 3.77
- Average credit quality in both strategies: AA-