



GENTER
CAPITAL MANAGEMENT

Muni Market Update

June 2025

Muni Market Highlights

- Tax-exempt yields fell in June in a non-parallel fashion with the short end of the curve performing best during the period.
- New issue supply continues to be robust, eclipsing last year's record supply on a year over year basis, presenting opportunities for our clients.
- The "One Big Beautiful Bill" does not fundamentally affect the tax-exempt market. Tax-exemption remains intact.

Like the Treasury yield curve, the tax-exempt curve steepened in June. Uncertainty with the impending budget bill and future deficits led fixed income investors to shift assets into shorter duration bonds. Despite the bull-steepener, the best performing parts of the tax-exempt curve for the month were the 5-10-year tenors.

In terms of recently enacted legislation, tax-exempt investors can breathe a sigh of relief as tax-exemption remains intact. Additionally, the tax cuts which the Trump administration passed during his first term were extended. It is worth noting that some corners of the tax-exempt market will be affected by the passage of this bill. Cuts to Medicare and Medicaid will impair entities in the healthcare sector which are already on fragile fiscal footing. Some higher education credits could be affected by taxes on endowments. We have been underweighting both health and higher education for well over a year.

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 elevated supply to continue through the summer, along with favorable technical factors (such as cash flow generated from maturities and coupon payments) to support the robust issuance.

AAA benchmark curve changes for the month of June.*

	AAA Curve 5/30/2025	AAA Curve 6/30/2025	Change bps
2026 (1yr)	2.77	2.59	(18)
2027 (2yr)	2.78	2.61	(18)
2028 (3yr)	2.82	2.65	(17)
2029 (4yr)	2.84	2.68	(16)
2030 (5yr)	2.88	2.72	(16)
2032 (7yr)	3.02	2.88	(15)
2035 (10yr)	3.31	3.21	(10)
2040 (15yr)	3.80	3.78	(2)
2045 (20yr)	4.20	4.16	(4)
2050 (25yr)	4.44	4.41	(3)
2055 (30yr)	4.54	4.52	(2)

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

NATIONAL

- Pinellas Co FL Hsg Auth RV – 3.40% 2027 AA+ @ 3.40% (+66bp)
- Kansas City MO Power & Light RV – 4.05% 2030 A- @ 4.05% (+130bp)
- Fort Worth TX Spl Tax– 5% 2035 AA- @ 3.96 % (+77bp)
- Alabama St Univ – 5.25% 2038 AA (AGM insured) @ 4.54% (+95bp)

CA

- Tulare CA High Sch Dist. – 5% 2026 AA (AGM insured) @ 2.83% (+22bp)
- Fontana Jurupa CA Tax Incr Fin Auth – 5% 2031 AA (AGM insured) @ 3.34% (+54bp)
- Banning CA USD GO. – 5% 2040 AA (AGM insured) @ 4.15% (+41bp)

GENTER PORTFOLIO STATS AS OF 7/8/25*

- Municipal Quality Intermediate - California: YTW 3.22%, Duration 3.84
- Municipal Quality Intermediate - National YTW 3.43%, Duration 3.80
- Average credit quality in both strategies: AA-

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