



GENTER
CAPITAL MANAGEMENT

Muni Market Update

January 2026

MUNI MARKET HIGHLIGHTS

- Tax-exempt yield curve remained unchanged in December.
- Alpha added from our yield advantage and maturity weightings.
- Strong technical factors to kick off the new year in tax-exempts.

MARKET OBSERVATIONS & STRATEGY

The tax-exempt curve was mostly unchanged for the month, with AAA benchmark yields falling slightly inside 15 years, and drifting modestly higher at the longer end of the maturity spectrum. In December, like most of last year, short to intermediate maturities were the best performing parts of the curve.

Leading up to the fourth quarter, the 10-15 maturity tenors of our intermediate portfolio structure were a drag on overall performance. We saw the steepening in that part of the curve as an opportunity, and our added weighting there contributed excess return for our clients.

The new issue market continues to provide attractive alpha opportunities in the tax-exempt bond market. In 2025 primary market supply was \$580 billion, an increase of 13% over the record amount of \$514 billion from a year ago. Street estimates for new issue supply in 2026 predict issuance will surpass that of this last year.

Technical factor tailwinds favor the tax-exempt market as we begin a new year. Cash flow from maturities, calls, and coupon payments on January 1st are some of the highest we will see all year. A firm market tone is already in place as we start 2026, with reinvestment demand outpacing new supply.

AAA benchmark curve changes for the month of December.*

	AAA Curve 12/01/2025	AAA Curve 12/31/2025	Change bps
2026 (1yr)	2.52	2.49	(3)
2027 (2yr)	2.47	2.44	(3)
2028 (3yr)	2.40	2.38	(2)
2029 (4yr)	2.41	2.39	(2)
2030 (5yr)	2.41	2.39	(2)
2032 (7yr)	2.51	2.50	(1)
2035 (10yr)	2.75	2.73	(2)
2040 (15yr)	3.34	3.32	(2)
2045 (20yr)	3.88	3.94	6
2050 (25yr)	4.06	4.12	6
2055 (30yr)	4.14	4.19	5

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

NATIONAL

- Polk County FL Housing RV – 3.15% 2027 @ **3.15%** Aa1 (+70 to AAA)
- Summit County OH RV – Akron Univ (BAM) 5.00% 2040 @ **4.14%** AA (+89 to AAA)
- Jarrell TX ISD GO (PSFG) – 5.00% 2044 @ **4.13%** AAA (+46 to AAA)

CA

- CA Muni Fin Auth RV – 3.45% 2026 @ 3.15 A- (+93b to AAA)
- Sutter-Butte CA Flood Dist. RV (BAM) – 5.00% 2036 AA **2.96%** (+13bp to AAA)
- University CA RV– 5.00% 2040 AA2 @ **3.44%** (+21bp to AAA)

GENTER PORTFOLIO STATS AS OF 01/06/26*

- Municipal Quality Intermediate - California: **YTW** 2.93%, **Duration** 3.69
- Municipal Quality Intermediate - National **YTW** 3.24%, **Duration** 3.78
- Average credit quality in both strategies: **AA-**

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