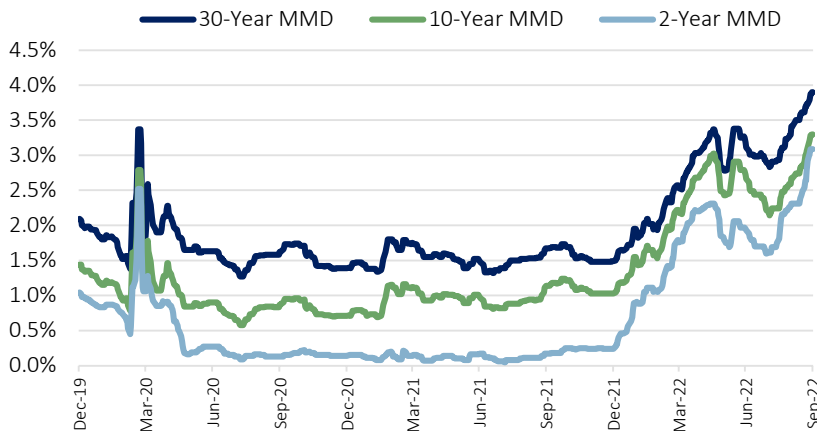


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Municipal Market Update

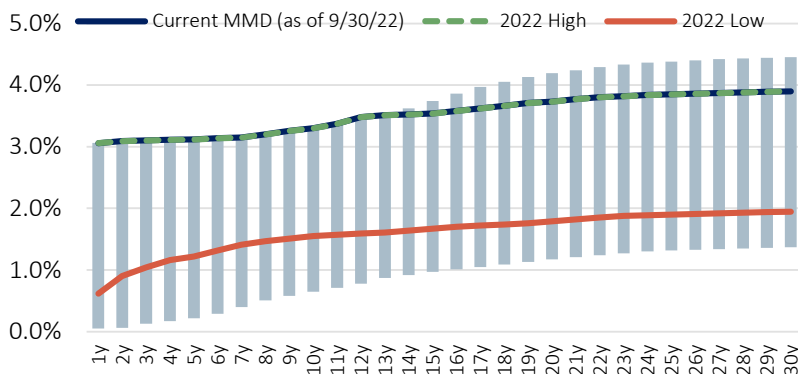
Q3 2022

November 7, 2022



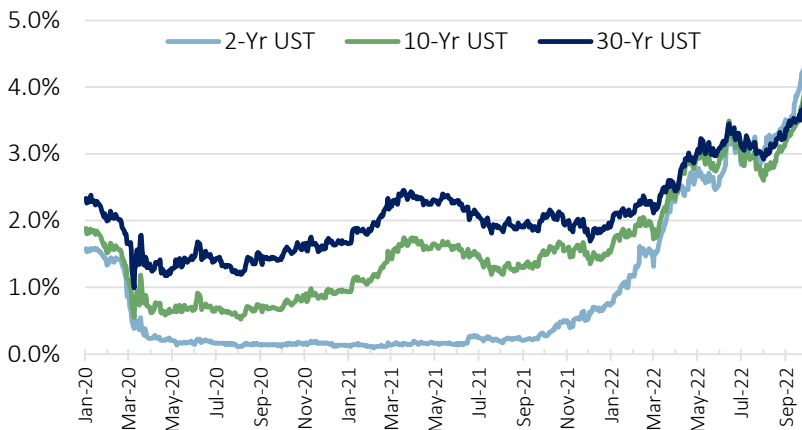
AAA MMD Yields Continue to Rise from Pandemic-Era Lows

2, 10 and 30-year AAA MMD yields continue to tick up heading into the second half of 2022, as concerns over inflation served as a catalyst for the Federal Reserve to raise rates. Year-to-date, the 2, 10, and 30-year AAA MMD yields are up 240, 226, and 282 bps, respectively.



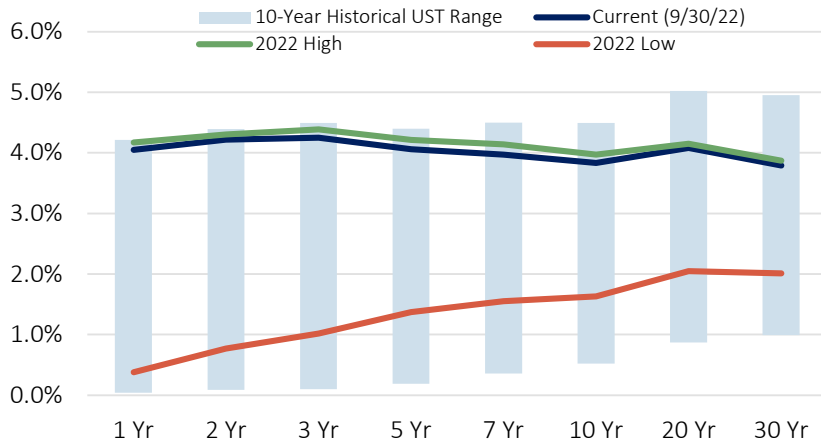
Current AAA MMD Yields Set the Ceiling in 2022

Current MMD yields have set the ceiling thus far in 2022 across all maturities. Short-end yields have reached their highest values over the past 10 years and long-end yields are trending in the same direction. Minimum MMD yields in 2022 have outpaced the minimum 10-year historical yields across all maturities.



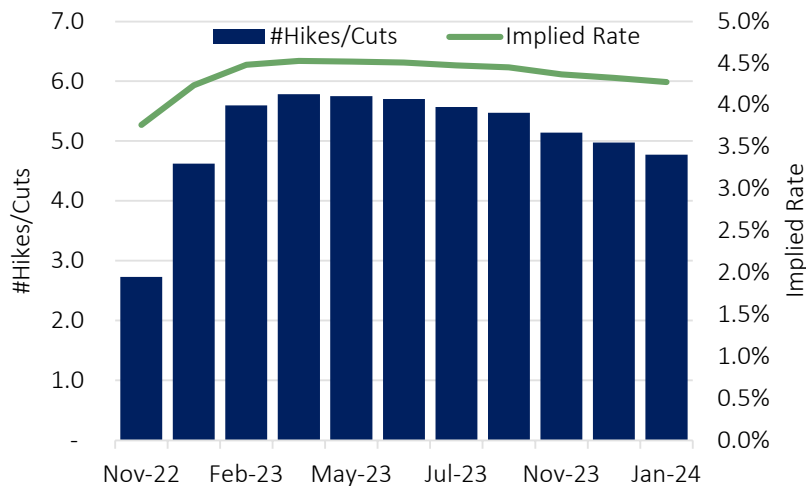
UST Yields Continue to Rise from Pandemic-Era Lows

2, 10, and 30-year UST yields continue to tick up heading into Q4 2022. 2-year UST experienced the largest change, with a 394 bps increase since the start of 2022. Long-end UST yields proved to be less sensitive to the Fed's tightening cycle, as 10 and 30-year UST yields increased 231 bps and 171 bps, respectively, since the start of the year.



UST Yields Remain in Upper Bounds of Historical Range

Across all maturities, current UST yields are slightly lower than this year’s maximum levels, albeit in the upper bounds of historical averages. The behavior of the 20-year UST rate is the talk of the market, as sluggish demand, and rising illiquidity for the recently reintroduced 20-year maturity served as a catalyst for larger price swings compared to its other long-end counterparts.



Grim Outlook for Futures as Inflation Remains Stubbornly High

The Consumer Price Index (CPI) increased 8.2% for the twelve months ending September 2022, as core CPI increased 6.6% over the same period. The FOMC announced it would raise the target federal funds range to 3.00% - 3.25% during its September 21st meeting, as well as continue to reduce the size of its balance sheet by reducing holdings of Treasury securities, agency debt and mortgage-backed securities. The Fed Futures Market expects approximately two additional rate hikes in 2022 to an implied rate of 4.238%. Additionally, the futures market is indicating 8 rate hikes in 2023 to an implied rate of 4.973% by year end 2023.

About PW&Co

Since 1975, Porter White & Company, Inc. (PW&Co) has provided a variety of specialized public finance, financial advisory and consulting services to state and local governments and not-for-profit institutions.

Our services include debt management, long-term financial planning, swap advisory, economic development, project management, investment advisory, compliance, and ongoing support.

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