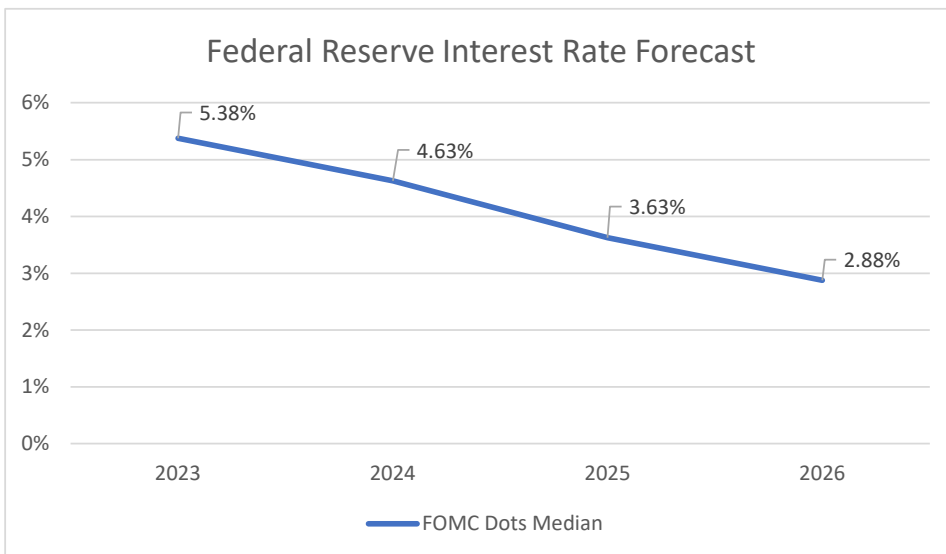
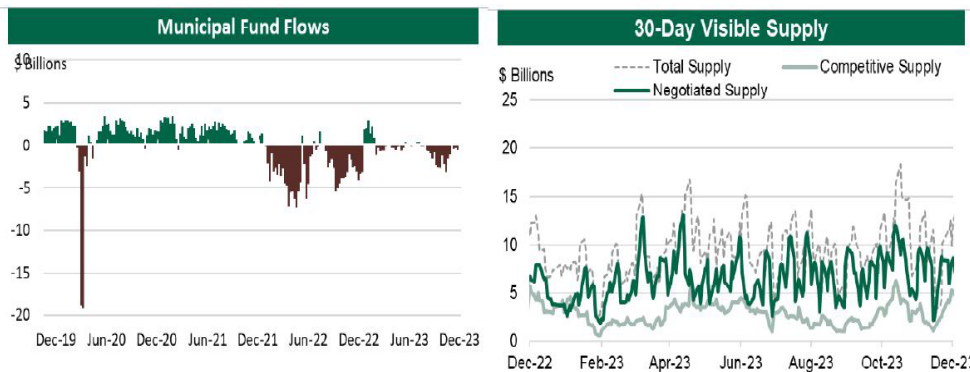


Market Commentary

At the December 11 meeting of the Federal Open Market Committee (FOMC) of the Federal Reserve, the FOMC indicated that they expect to cut interest rates in 2024. FOMC officials median estimate suggested three, quarter point rate cuts in 2024. Throughout the month of December municipal bond rates as reflected in Bloomberg’s BVAL’s AAA Municipal Curve declined approximately 25-30 basis points across the curve. Following strong municipal bond supply in December, overall bond issuance ended the year down 2.8% year-over-year. Total bonds issued in 2023 was approximately \$379.0 billion compared to \$391.1 billion issued in 2022. Higher interest rates, slower economic growth, pandemic aid, and overall market volatility kept many issuers on the sidelines. Looking ahead to 2024, rate volatility will likely stabilize, overall market opinion suggests bond supply will be anywhere from \$330-\$450 billion, and there will likely be more steady municipal bond inflows. The underlying potential risks in 2024 will continue to be a resurgence in inflation which may cause the FOMC to keep rates “higher for longer,” and other unexpected market disruptions.



Fed Fund Rates show a downward trend over the next two years.

CONTACTS

Please contact a Minnesota Northland public finance professional with any questions about how Northland can serve your community.

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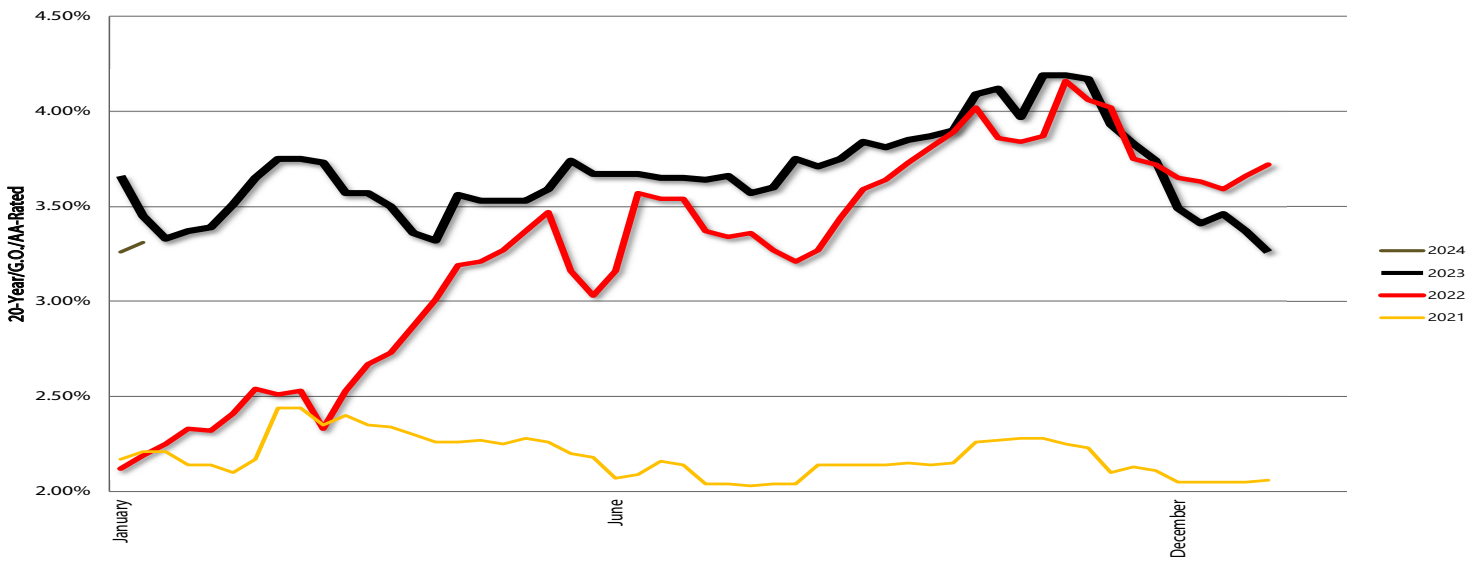
Interest Rates

Estimated Level Debt Service \$1,000,000 **Assuming Average BQ Bond Rates as of 01/17/2024**

Years	Final Maturity	AAA		AA		A	
		Average Coupon	Annual Debt Service	Average Coupon	Annual Debt Service	Average Coupon	Annual Debt Service
5	2029	2.67%	\$216,301	2.89%	\$217,669	3.01%	\$218,417
10	2034	2.88%	\$116,514	3.05%	\$117,530	3.05%	\$117,530
15	2039	3.57%	\$87,258	3.66%	\$87,816	3.69%	\$88,002
20	2044	3.87%	\$72,737	3.90%	\$72,932	3.97%	\$73,386
30	2054	4.14%	\$58,817	4.18%	\$59,101	4.25%	\$59,598

SOURCE: BLOOMBERG JANUARY 17, 2024

Bond Buyer's Index Trends



Source: Data compiled by Northland Securities from published Bond Buyer's Index

Bond Buyer's Index 2000 to Present

