

Third Quarter 2026 Market Summary



October 6, 2026

Agenda

- Trading Volumes
- Yields
- New Issue Volumes
- ATS Data
- Investor Overview
- September 2026 Compared to April 2025
- Fundamental Changes in the Municipal Securities Market and MSRB Research



Trading Volumes

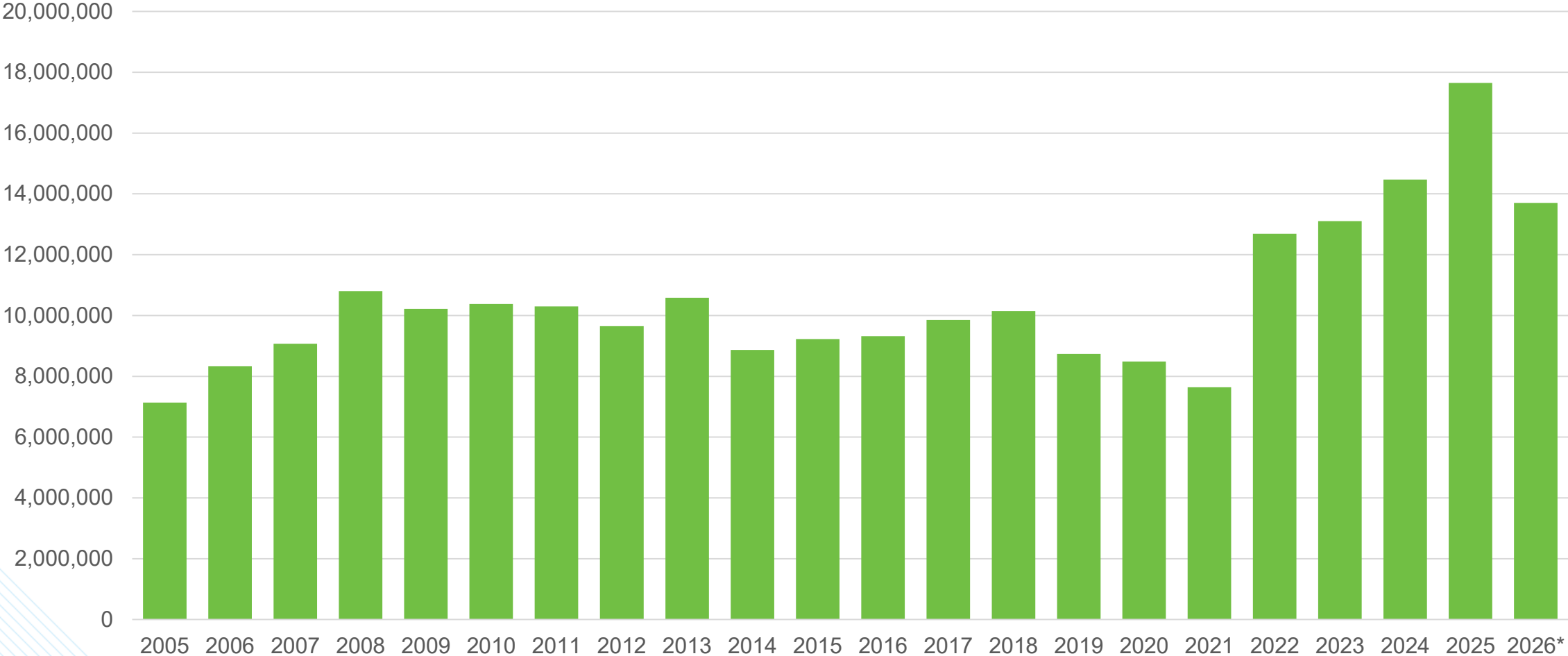
Unprecedented Trading Volumes – Trade Count

- Record trade count
 - Day: September 29 set a new record high for daily trade count, exceeding 138,000 trades
 - Prior to September, April 9, 2025, was the only day with 100,000 trades
 - September had 11 days with more than 100,000 trades and the daily average was over 100,000
 - Week: the week of September 21 set a new record, with 534,000 trades
 - Month: September had 2.1 million trades, up 24% from April 2025, the previous record month
 - Quarter: Q3 2026 saw 5.2 million trades, up 9% from Q2 2025, the previous record quarter
- Prior to April 2022, 1 million trades in a month occurred only 8 times
 - We have not had less than 1 million trades per month in more than 3 years
 - Since April 2025, we are averaging more than 1.5 million trades per month

Trading Volumes – Par Amount Traded

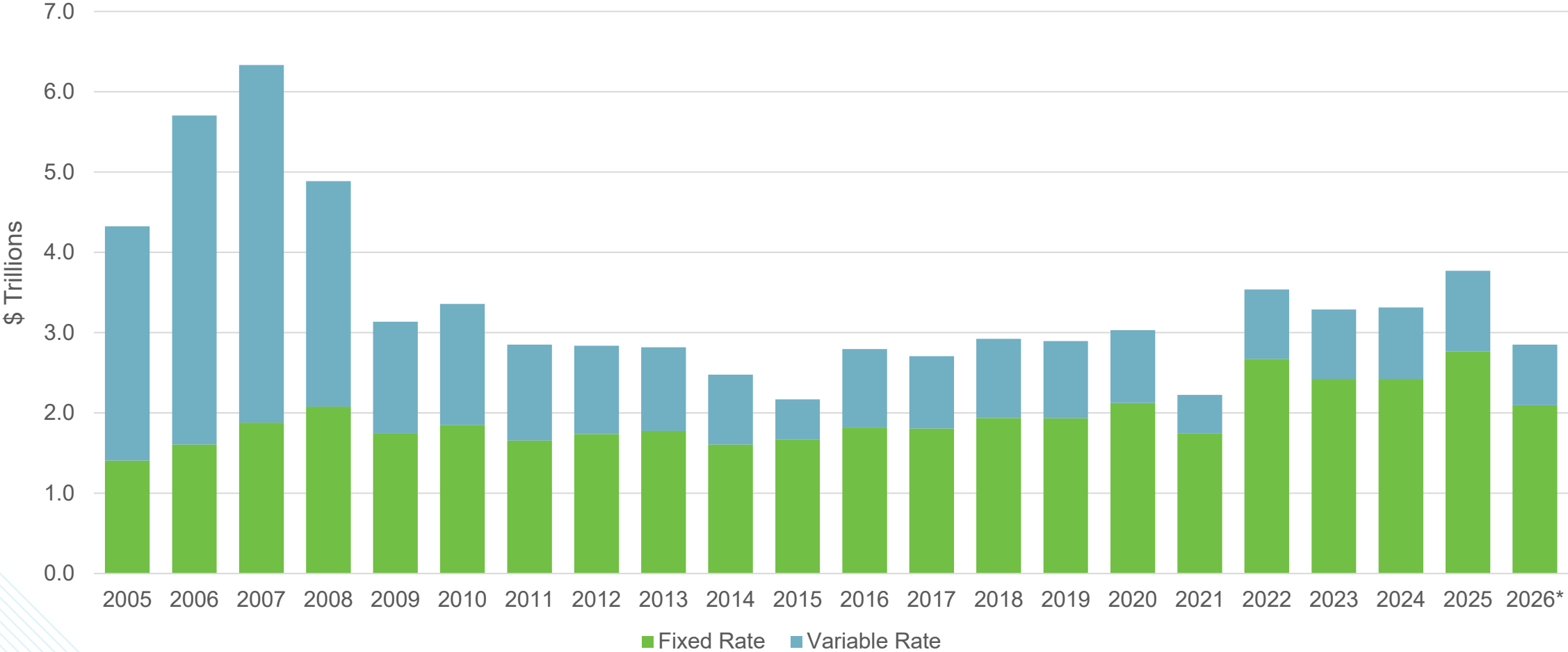
- Q3 2026 par amount traded was \$1.1 trillion
 - Up 3% from Q2 2025, the previous record quarter since 2008
 - Record high for the par amount in fixed-rate securities, surpassing Q2 2025
- September 2026 par amount traded was \$475 billion
 - Up 12% from April 2025 but still behind the \$514 billion in March 2020
- Average trade size rebounded slightly
 - \$291,000 in 2021
 - \$201,000 in Q4 2025
 - \$214,000 in Q3 2026

Number of Trades, 2005 – September 2026



* As of September 2026

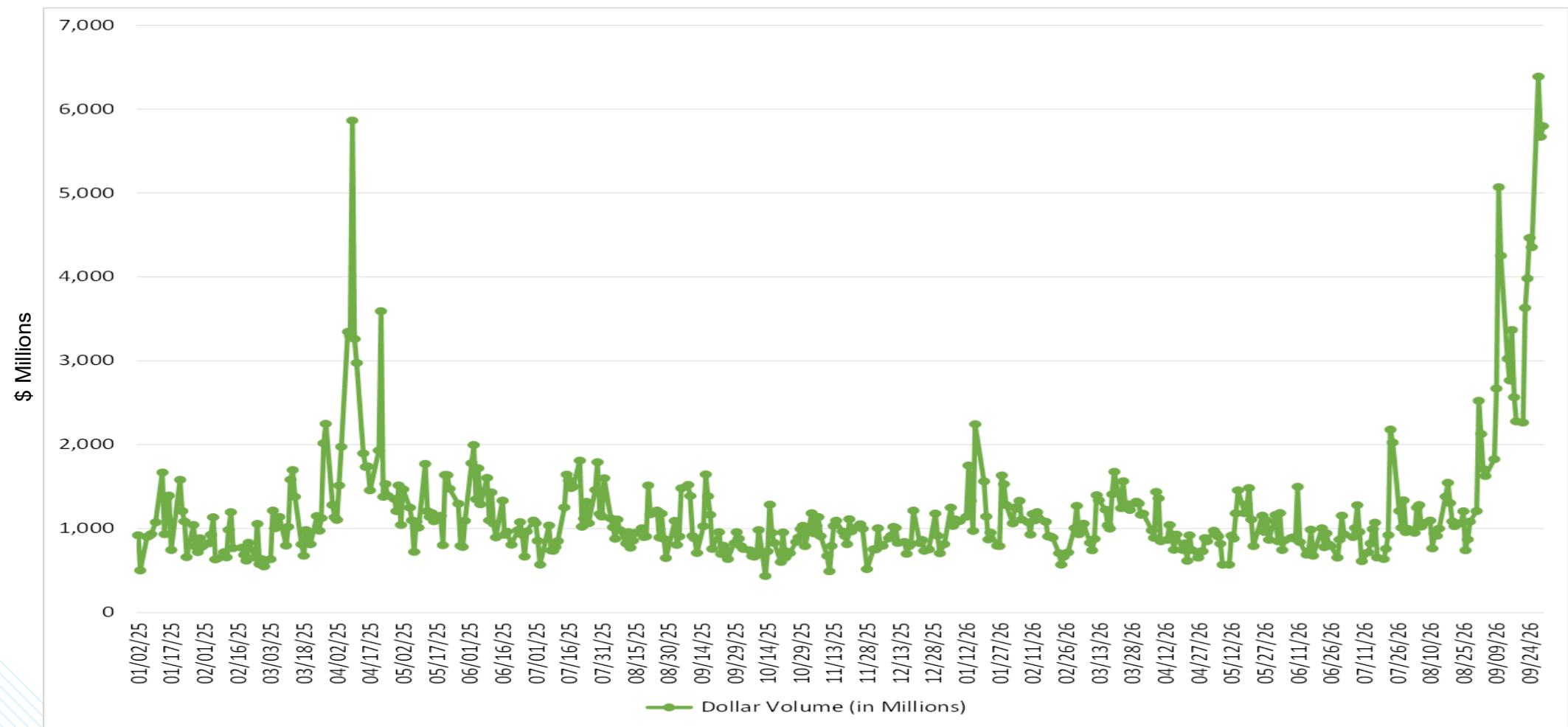
Par Amount Traded, 2005 – September 2026



* As of September 2026

Daily Dollar Volume of 11 Municipal Bond ETFs

January 1, 2025 – September 30, 2026





Yields

Dramatic Increase in Tax-Exempt Yields

Treasury and BVAL AAA Callable Yields								
Year	BVAL Callable 09/30/2026	Treasury 09/30/2026	BVAL Q3 2026 Change BPS	TSY Q3 2026 Change BPS	Muni/TSY Ratio	Muni/TSY Ratio 12/31/2025	BVAL YTD 2026 Change BPS	TSY YTD 2026 Change BPS
1	3.485	4.54	121	56	77%	71%	102	106
2	3.531	4.88	122	74	72%	70%	111	141
3	3.584	5.00	121	85	72%	67%	122	145
5	3.710	5.09	119	90	73%	63%	134	136
10	4.112	5.29	124	85	78%	65%	140	111
20	4.862	5.68	118	75	86%	81%	97	89
30	5.192	5.64	112	73	92%	85%	106	80
Source: Bloomberg Finance L.P, U.S. Department of Treasury.								

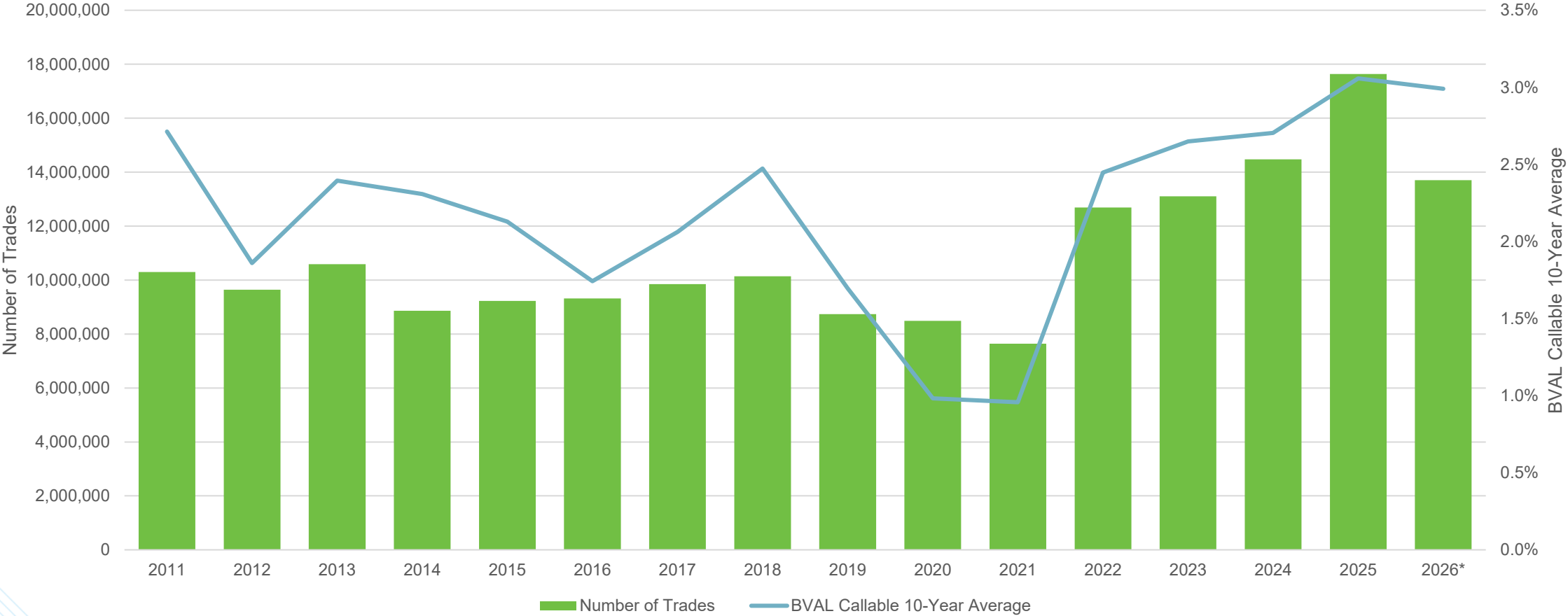
Source: Bloomberg Finance L.P.

BVAL Callable 10-year Tax-Exempt Yields



Source: Bloomberg Finance L.P.

Trade Count and Benchmark Tax-Exempt Yields 2011-2026



* As of September
Sources: MSRB, Bloomberg Finance L.P.

An Overview of Yields

- Benchmark tax-exempt yields rose to historic levels
 - On September 29, 10-Year Callable BVAL closed at 4.22%
 - Highest close since the yield curve's inception in 2011
 - Also, highest close for 3-, 5-, 20- and 30-year yields
 - For September, the average 10-year closing level was 3.74%
 - Highest average yield in any month (3.38% in April 2025)
- MSRB research shows a high correlation between tax-exempt yields and volatility and trade volumes, especially trade count
 - Research will be updated in Q1 2027



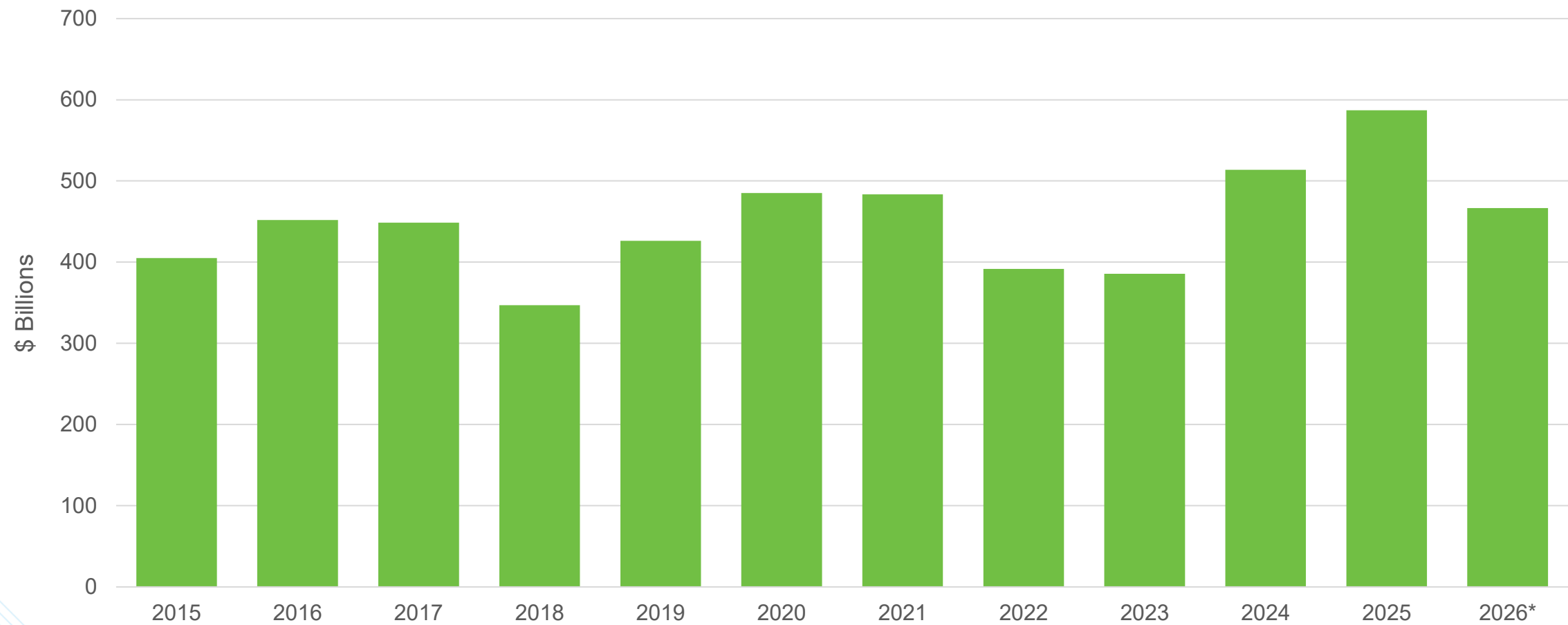
New Issue Volumes

New Issue Volumes

- \$164 billion in issuance in the third quarter
 - Up 5% from the Q3 2025, down 4% from Q2 2026
 - Private placement issuance less than \$1 billion
- Year-to-date issuance of \$467 billion
 - Up 6% from 2025
 - Tax-exempt issuance was \$424 billion, up 7% from 2025
 - Taxable issuance was \$27 billion, down 1% from 2025
 - New money issuance was \$333 billion, up 1%
 - Refunding issuance was \$63 billion, up 29%
 - Private placement volume was \$9 billion, less than 2% of issuance

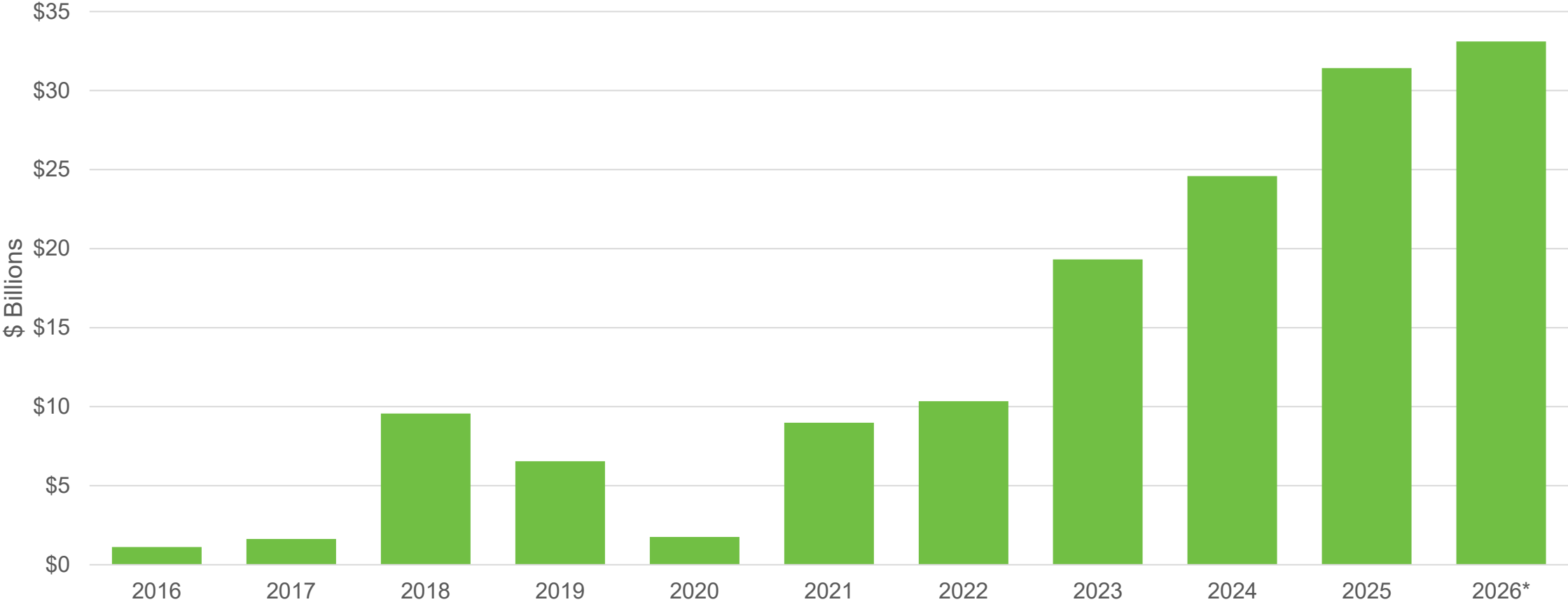
Source: LSEG

New Issuance 2015 – September 2026



* As of September 2026
Source: LSEG

Annual Issuance of Prepaid Energy Deals



* Through September 2026
Source: Bloomberg Finance L.P.



Alternative Trading System (ATS) Data

Electronic Trading

- ATs are important to the structure of the municipal securities market.
 - \$35 billion average daily par for live quotes (+9% from 2025, +60% from 2023)
 - 260,000 average daily quotes (+9% from 2025, +93% from 2023)
 - 21% customer trades executed on ATs, 5% of par
 - 52% interdealer trades executed on ATs, 27% of par
- Bid-wanted activity on ATs
 - 31,000+ average daily bid-wanted (+24% from 2025, tripled since 2023)
 - \$2.6 billion average daily par in bid-wanted (+36% from 2025, doubled since 2023)
- Significant increase in bid-wanted activity on institutional platform



Investor Overview

Investor Profiles

- Municipal bond ETFs continue to have strong net issuance
 - Net issuance of \$23 billion in Q3 2026 through 9/30/26
 - Year-to-date net issuance of \$55 billion
 - Exceeds \$46 billion in net issuance for all of 2025, the previous record
- Tax-exempt mutual funds had net outflows of \$4.3 billion in Q3 2026
 - 3 consecutive weeks with net outflows totaling \$11 billion in September
 - \$6.7 billion in net outflows the week ending 09/30, largest since May 2022
 - Flows likely impacted by higher yields
- Tax-exempt mutual funds had YTD net inflows of \$35 billion
- Banks and insurance companies continue to reduce holdings of municipal securities

Source: Investment Company Institute and ETF.com



September 2026 Compared to April 2025

September 2026 Compared to April 2025

September 2026

- 2.1 million trades
- 9 of top 10 trading days
 - 11 days over 100,000 trades
- \$475 billion par amount traded
- 8 of top 10 trading days for the top-two municipal bond ETFs
 - Record high on September 28
- 16 days with more than \$2 billion out for the bid on Bloomberg

April 2025

- 1.7 million trades
- 1 of top 10 trading days
 - 1 day over 100,000 trades
- \$ 423 billion par amount traded
- 2 of top 10 trading days for the top-two municipal bond ETFs
- 8 days with more than \$2 billion out for the bid on Bloomberg

September 2026 Compared to April 2025

- September 2026

- New issue volume \$55 Billion
- Average 10-year tax-exempt yield 3.74%
- Sept. 29 10-year yield 4.22%
 - Highest since inception of BVAL
- Dramatic and steady climb in tax-exempt yields
 - 16 days with 10-year yields over 3.50%

- April 2025

- New issue volume \$52 billion
- Average 10-year tax-exempt yield 3.38%
- April 9 10-year yield 3.80%
- Dramatic volatility the week of April 7
 - 2 days with 10-year yields over 3.50%



Fundamental Changes in the Municipal Securities Market and MSRB Research

Fundamental Changes in the Municipal Securities Market

- Tax-exempt yields dramatically higher
 - BVAL callable 10-year close 4.22% on September 29 – a record high
 - 3-,5-,10-,20- and 30-year benchmark yields reached highs since early in 2011
- The municipal securities market has fundamentally changed
 - Increase in algorithmic/electronic trading
 - Increased participation of buy-side accounts on electronic venues
 - Rapid growth in live quotes and bid-wanted on ATSs
 - Dramatic growth in ETFs and separately managed accounts (SMAs) - lower minimums
 - Record overall trading volumes in municipal securities and tax-exempt ETFs
 - Record new issue volumes

MSRB Research

- Recent research
 - [Overview of the Taxable Municipal Securities Market](#)
 - [Transaction Costs for Municipal Securities Odd-Lot Trades](#)
 - [Trading Volume and Transaction Costs for Municipal Bond ETFs](#)
 - [Institutional Customer Activity and Use of ATS](#)
 - [Dealer Participation and Concentration in Municipal Securities Trading](#)
 - [Convergence of Institutional and Odd-Lot Trading for Small-Size Trades](#)
 - [What Drives Trading Volumes in the Municipal Securities Market?](#)

Thank you for attending MSRB's Third Quarter 2026 Market Summary



October 6, 2026