



Northern California Power Agency

August 2025

Finance Committee Materials

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LLC

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Report on Current Financial Market Conditions or Issues

Data, rates, and related statistics and charts are as of July 29, 2025, unless otherwise indicated



Market Overview Since May 6th

Date	DJIA	10-Yr BVAL	10-Yr Tsy	30-Yr BVAL	30-Yr Tsy
6-May	40,829	3.34%	4.30%	4.39%	4.81%
14-Jul	44,460	3.17%	4.43%	4.56%	4.97%
Δ	3,631	-0.17%	0.13%	0.17%	0.16%

- BVAL yields remained relatively stable throughout May, seeing a gradual widening of the short and long end of the curve, but generally modest movement despite evolving trade discussions and a heavier supply calendar
- U.S. Treasury market experienced greater volatility, with yields rising overall due to fiscal concerns, tariff headlines, and mixed economic data releases
- BVAL and U.S. Treasury yields ended June slightly lower, but showed overall stability throughout the month

Date	DJIA	10-Yr BVAL	10-Yr Tsy	30-Yr BVAL	30-Yr Tsy
14-Jul	44,460	3.17%	4.43%	4.56%	4.97%
21-Jul	44,323	3.32%	4.38%	4.71%	4.94%
Δ	-137	0.15%	-0.05%	0.15%	-0.03%

- The week of 7/14, BVAL AAA callable yields increased dramatically beyond the 5-year tenor, as new issue concessions and investor fatigue from July reinvestment flows put pressure on the long end of the curve
- Economic data offered no major relief, with CPI printing in line with expectations at 0.3% MoM and 2.7% YoY, and PPI slightly softer than expected – not enough to change inflation expectations or the Fed outlook

Date	DJIA	10-Yr BVAL	10-Yr Tsy	30-Yr BVAL	30-Yr Tsy
21-Jul	44,323	3.32%	4.38%	4.71%	4.94%
30-Jul	44,461	3.27%	4.38%	4.65%	4.89%
Δ	138	-0.05%	0.00%	-0.06%	-0.05%

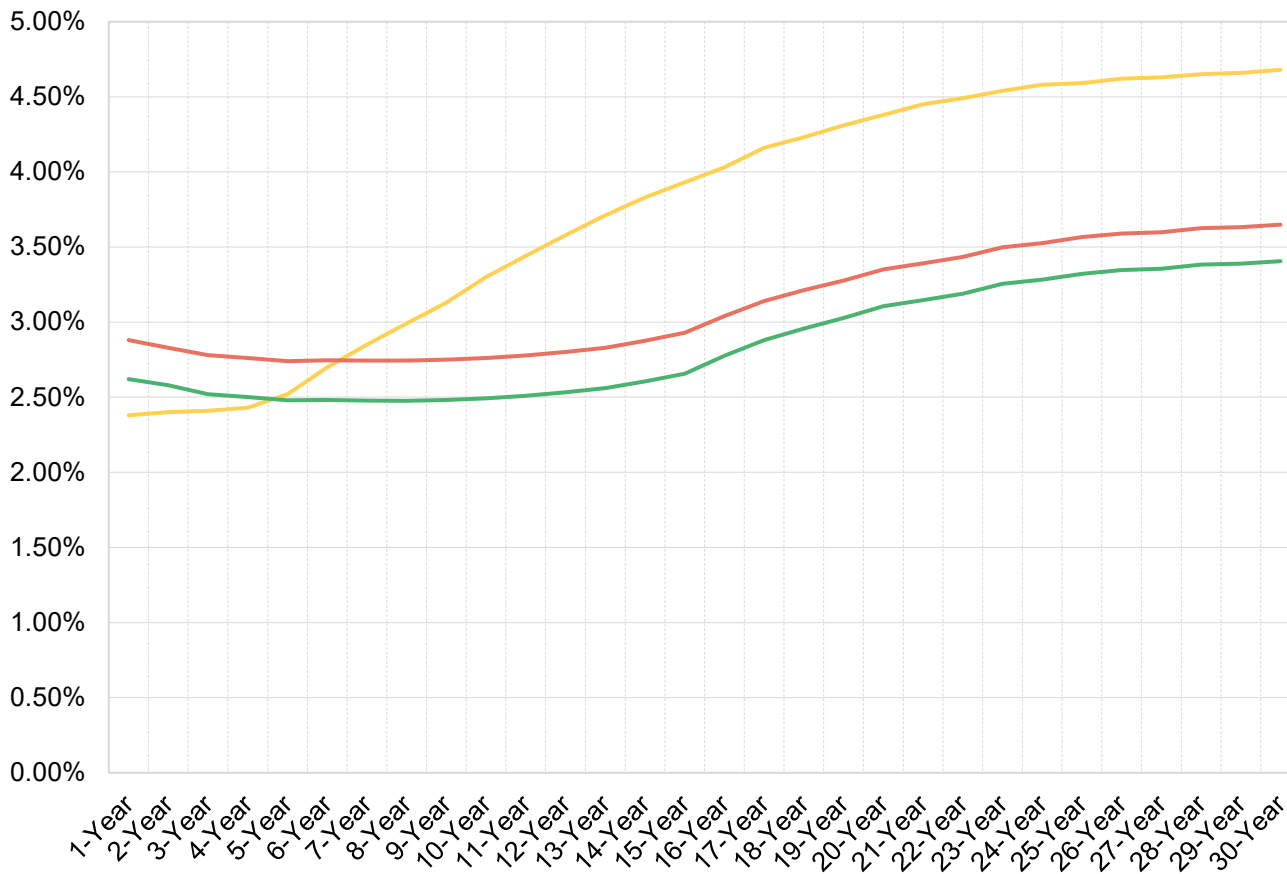
- Treasury rates experienced volatility the last week of July, responding to global trade developments, notably a Japan trade agreement, and new tariffs on India, Brazil and all copper imports, ahead of Trump's 8/1 tariff deadline
- At the 7/30 FOMC, the Fed held rates steady at 4.25-4.50%, as expected, although two governors dissented in favor of a cut, the first time there has been a dual dissent since 1993



Recent BVAL Yield Curve Movement

BVAL Yield Curve Movement

— Current (07/29/2025) — Last Year (07/29/2024) — Past Year Low (08/05/2024)

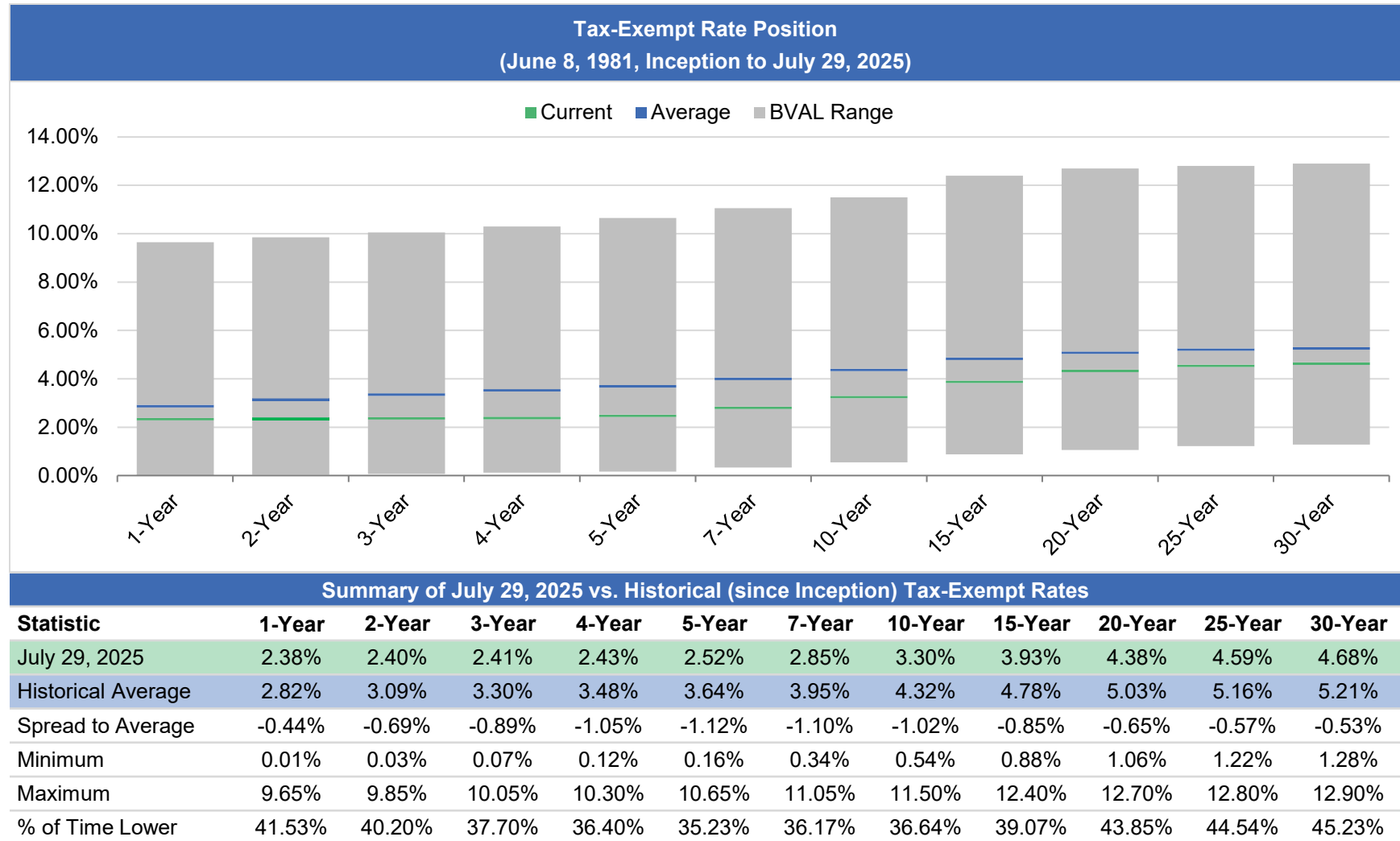


Maturity	Δ Since 07/29/2024	Δ Since 08/05/2024
1-Year	-0.50%	-0.24%
2-Year	-0.43%	-0.18%
3-Year	-0.37%	-0.11%
4-Year	-0.33%	-0.07%
5-Year	-0.22%	0.04%
6-Year	-0.05%	0.22%
7-Year	0.11%	0.37%
8-Year	0.25%	0.51%
9-Year	0.38%	0.65%
10-Year	0.54%	0.81%
11-Year	0.66%	0.93%
12-Year	0.78%	1.05%
13-Year	0.88%	1.15%
14-Year	0.96%	1.23%
15-Year	1.00%	1.27%
16-Year	0.99%	1.26%
17-Year	1.02%	1.28%
18-Year	1.02%	1.27%
19-Year	1.03%	1.28%
20-Year	1.03%	1.27%
21-Year	1.06%	1.30%
22-Year	1.06%	1.30%
23-Year	1.04%	1.29%
24-Year	1.05%	1.30%
25-Year	1.02%	1.27%
26-Year	1.03%	1.27%
27-Year	1.03%	1.28%
28-Year	1.02%	1.27%
29-Year	1.03%	1.27%
30-Year	1.03%	1.27%

Source: Bloomberg, PFM Research



Tax-Exempt Rate Position Since Inception

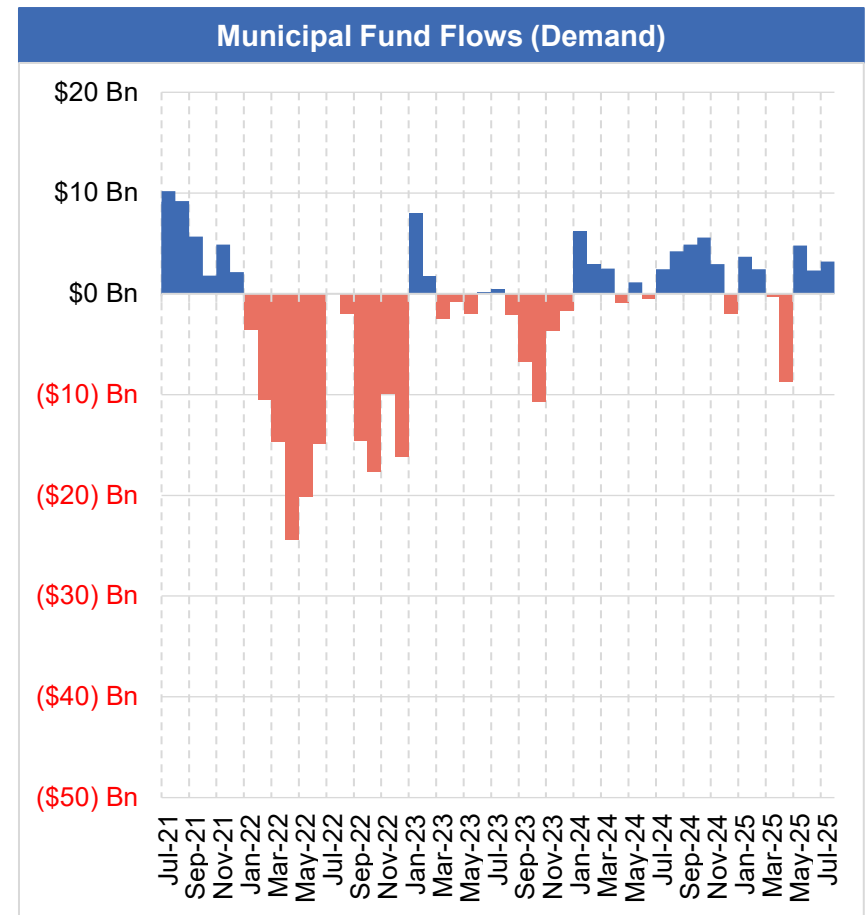
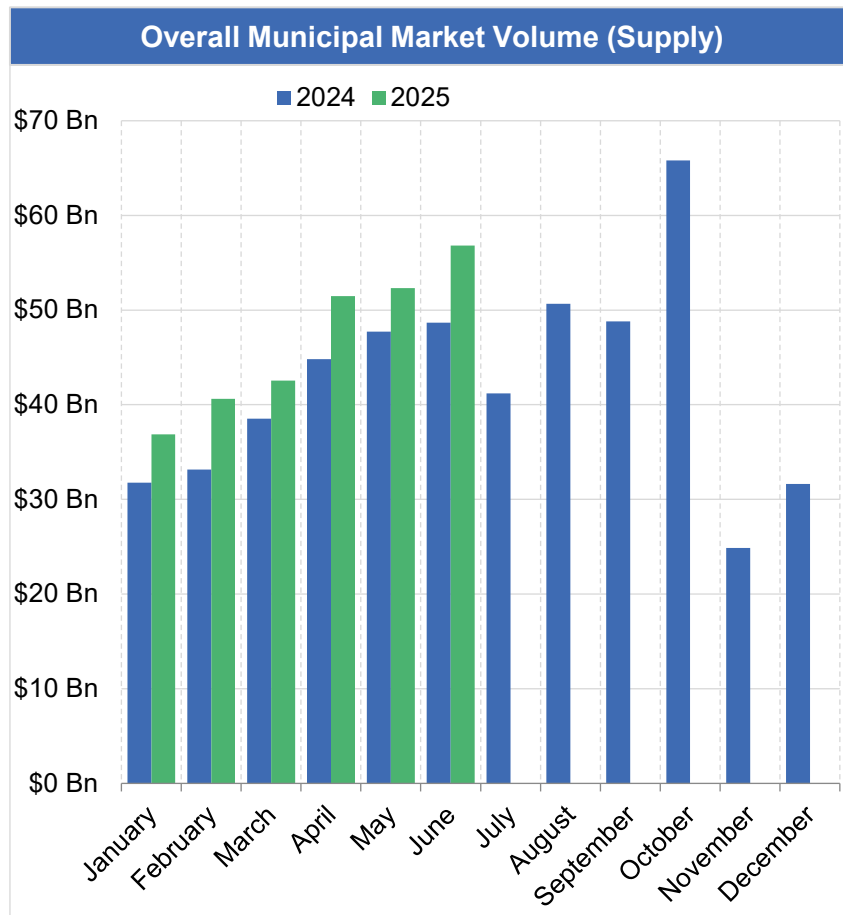


Source: Bloomberg, PFM Research



Municipal Market Supply & Demand

- Municipal funds experienced inflows in July. New issuance volume was up 16.72% year-over-year in June, and year-to-date new issuance volume was 14.7% higher than 2024 issuance through June.



Source: Bond Buyer, Investment Company Institute



Interest Rate Forecasts

- Market participants have split expectations as to whether there will be a rate cut this quarter.

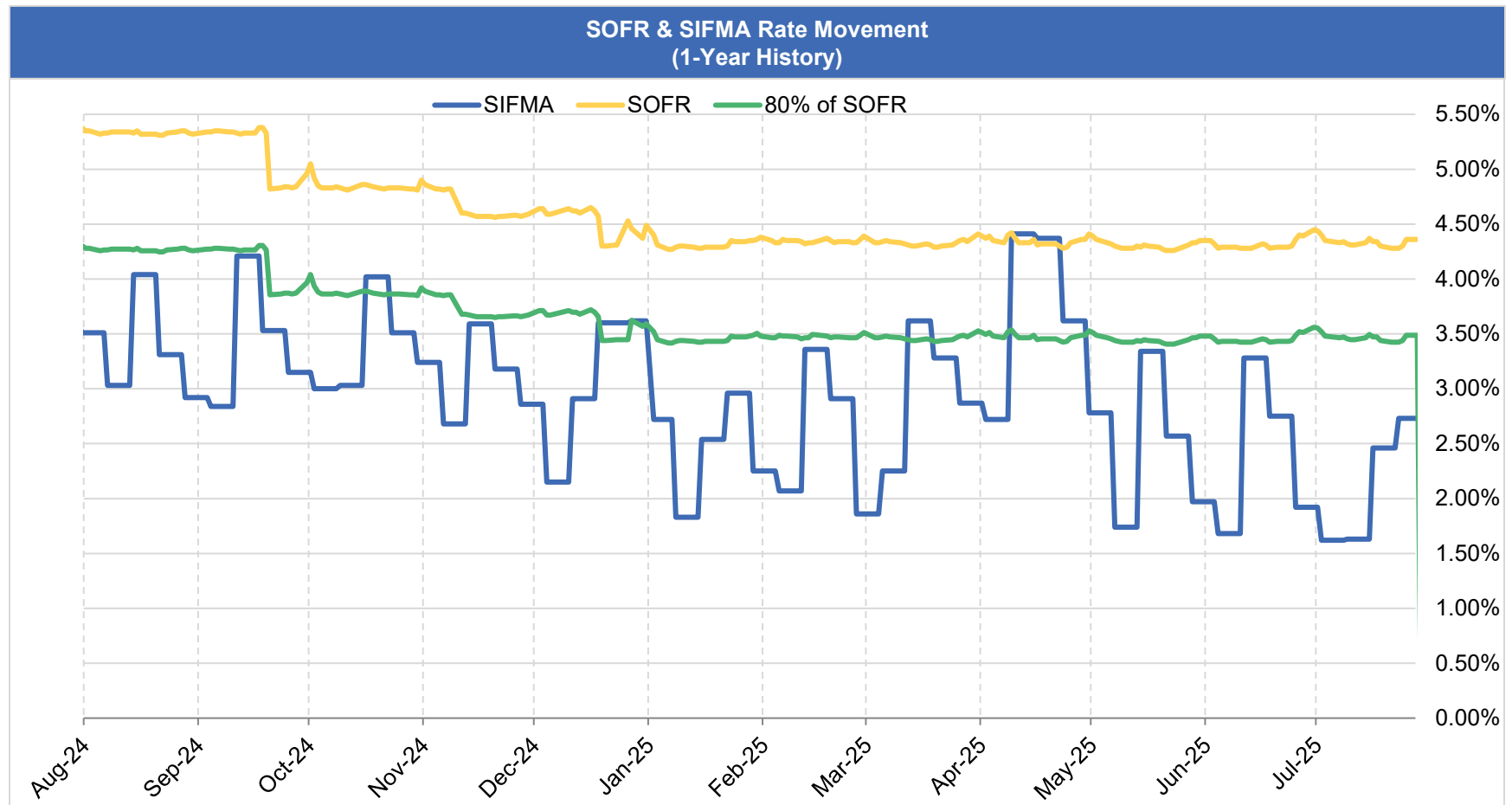
The Street's Interest Rate Forecast (As of July 28, 2025)								
Average Forecasts	Current	Q3 25	Q3 Δ vs. Current	Q4 25	Q1 26	Q2 26	Q3 26	Q4 26
30-Year UST	4.95%	4.82%	-0.13%	4.74%	4.70%	4.68%	4.66%	4.66%
10-Year UST	4.41%	4.34%	-0.07%	4.29%	4.25%	4.22%	4.19%	4.15%
2-Year UST	3.93%	3.79%	-0.14%	3.68%	3.60%	3.53%	3.48%	3.45%
3M SOFR	4.31%	4.17%	-0.14%	3.96%	3.76%	3.61%	3.48%	3.39%
Fed Funds Target Rate	4.25%	4.12%	-0.13%	3.85%	3.64%	3.44%	3.30%	3.20%
<i>Fed Funds Δ Since May Meeting</i>	<i>0.00%</i>	<i>0.16%</i>		<i>0.14%</i>	<i>0.14%</i>	<i>0.10%</i>	<i>0.02%</i>	<i>0.00%</i>

Source: Bloomberg



SOFR & SIFMA Rate Movement

- SIFMA fluctuated in July within 1.62% and 2.73%. SOFR has held relatively steady within 4.28% and 4.44% throughout July.



Source: Bloomberg, PFM Research



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