



Northern California Power Agency

May 2019

Finance Committee Materials

PFM Financial Advisors
LLC

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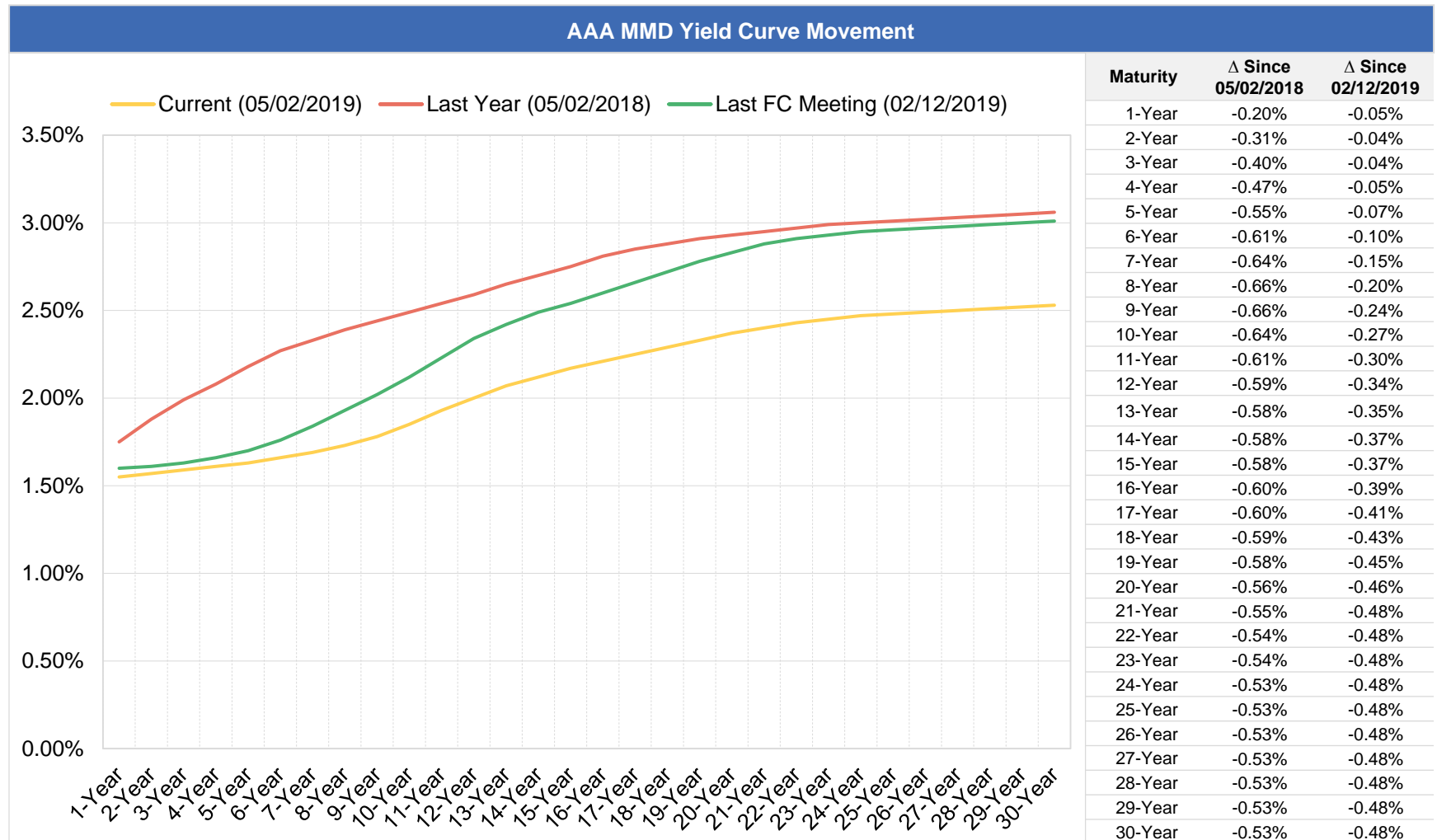


Report on Current Financial Market Conditions or Issues

Data, rates, and related statistics and charts are as of May 2, 2019, unless otherwise indicated



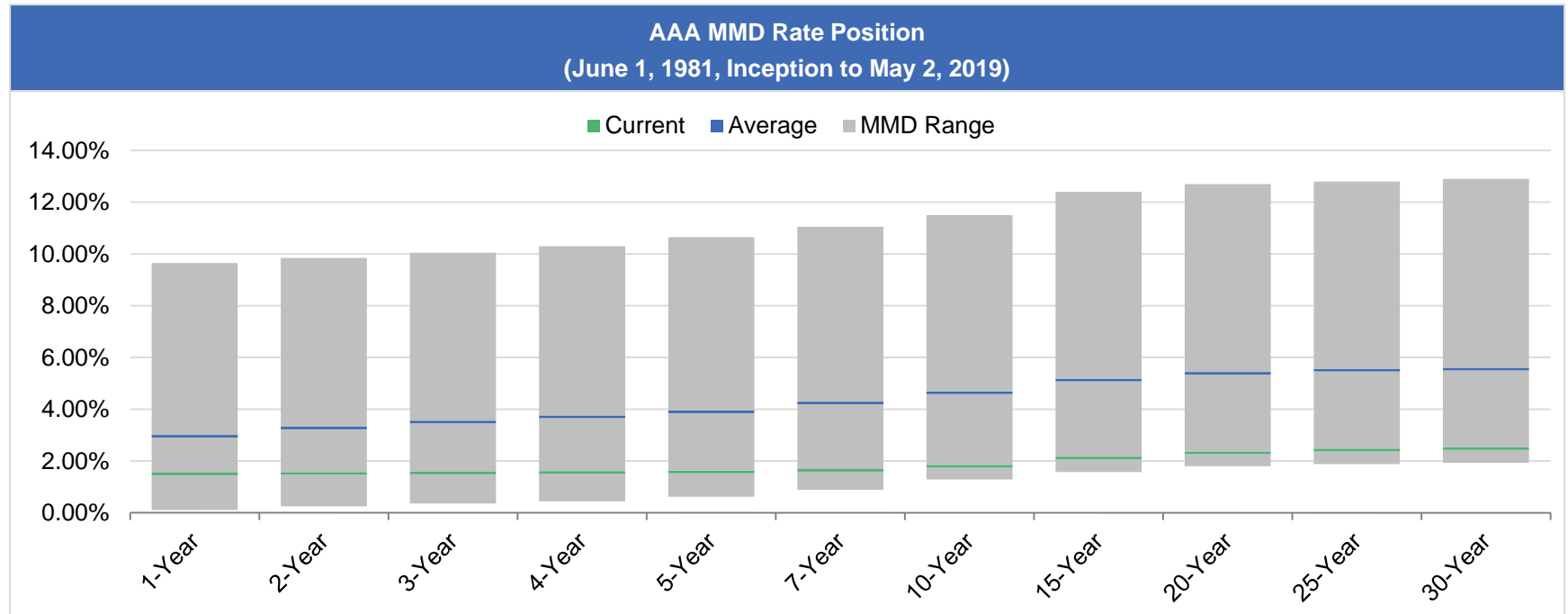
Recent AAA MMD Yield Curve Movement



Source: Thomson Reuters



AAA MMD Position Since Inception



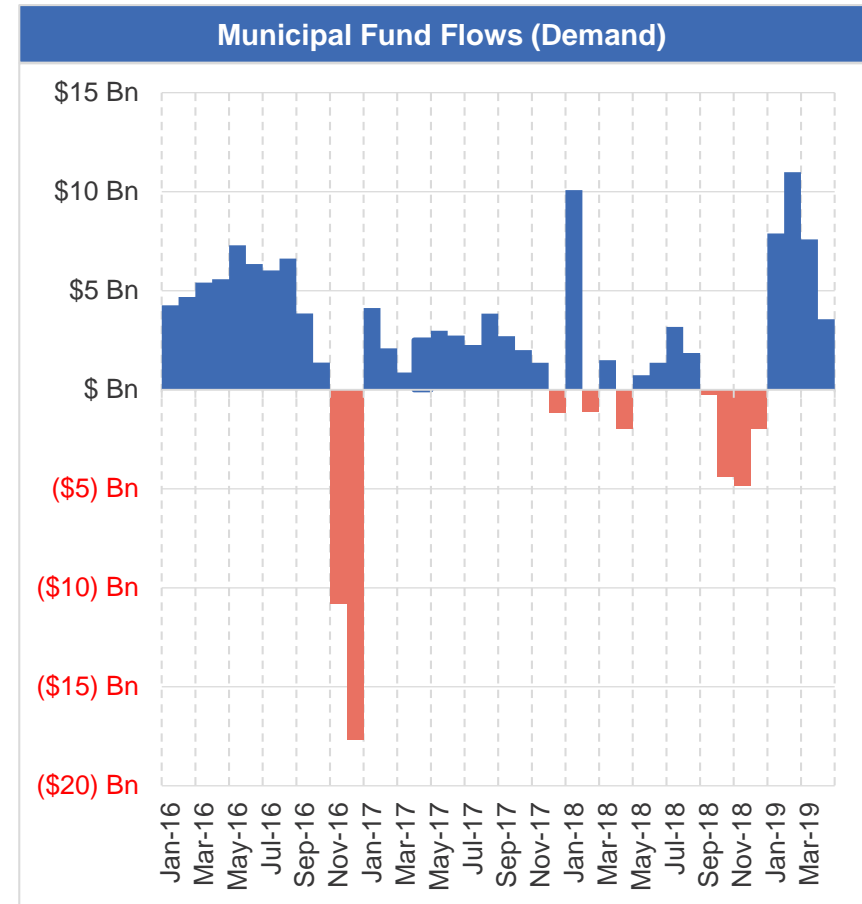
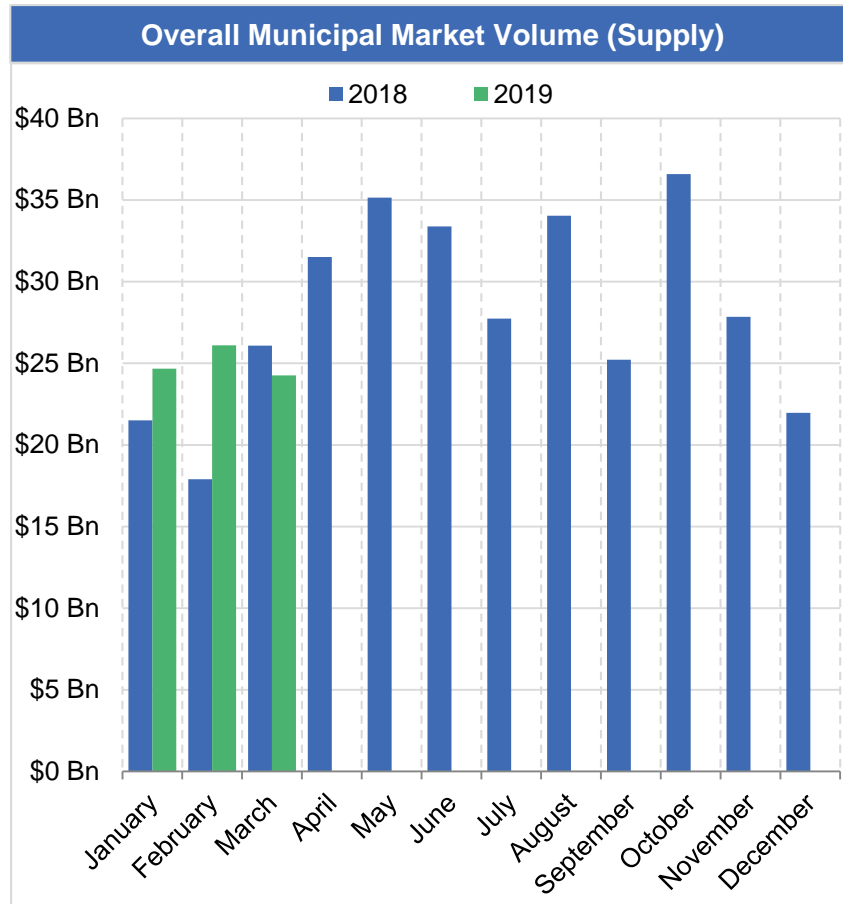
Summary of May 2, 2019 vs. Historical (since Inception) MMD Rates											
Statistic	1-Year	2-Year	3-Year	4-Year	5-Year	7-Year	10-Year	15-Year	20-Year	25-Year	30-Year
May 2, 2019	1.55%	1.57%	1.59%	1.61%	1.63%	1.69%	1.85%	2.17%	2.37%	2.48%	2.53%
Historical Average	3.01%	3.32%	3.56%	3.76%	3.95%	4.29%	4.69%	5.18%	5.44%	5.57%	5.60%
Spread to Average	-1.46%	-1.75%	-1.97%	-2.15%	-2.32%	-2.60%	-2.84%	-3.01%	-3.07%	-3.09%	-3.07%
Minimum	0.11%	0.25%	0.36%	0.44%	0.62%	0.89%	1.29%	1.57%	1.80%	1.88%	1.93%
Maximum	9.65%	9.85%	10.05%	10.30%	10.65%	11.05%	11.50%	12.40%	12.70%	12.80%	12.90%
% of Time Lower	31.27%	27.90%	24.77%	22.59%	19.12%	10.51%	4.80%	2.72%	1.72%	1.36%	1.32%

Source: Thomson Reuters



Municipal Market Supply & Demand

- Municipal bond issuance was down 7.02% in March (year-over-year) and is up 14.57% year-to-date through the end of March.



Source: Bond Buyer, Investment Company Institute



Interest Rate Forecasts

- Market participants continue to expect a gradual increase in interest rates over the next year, with the exception of the Fed Funds Target Rate

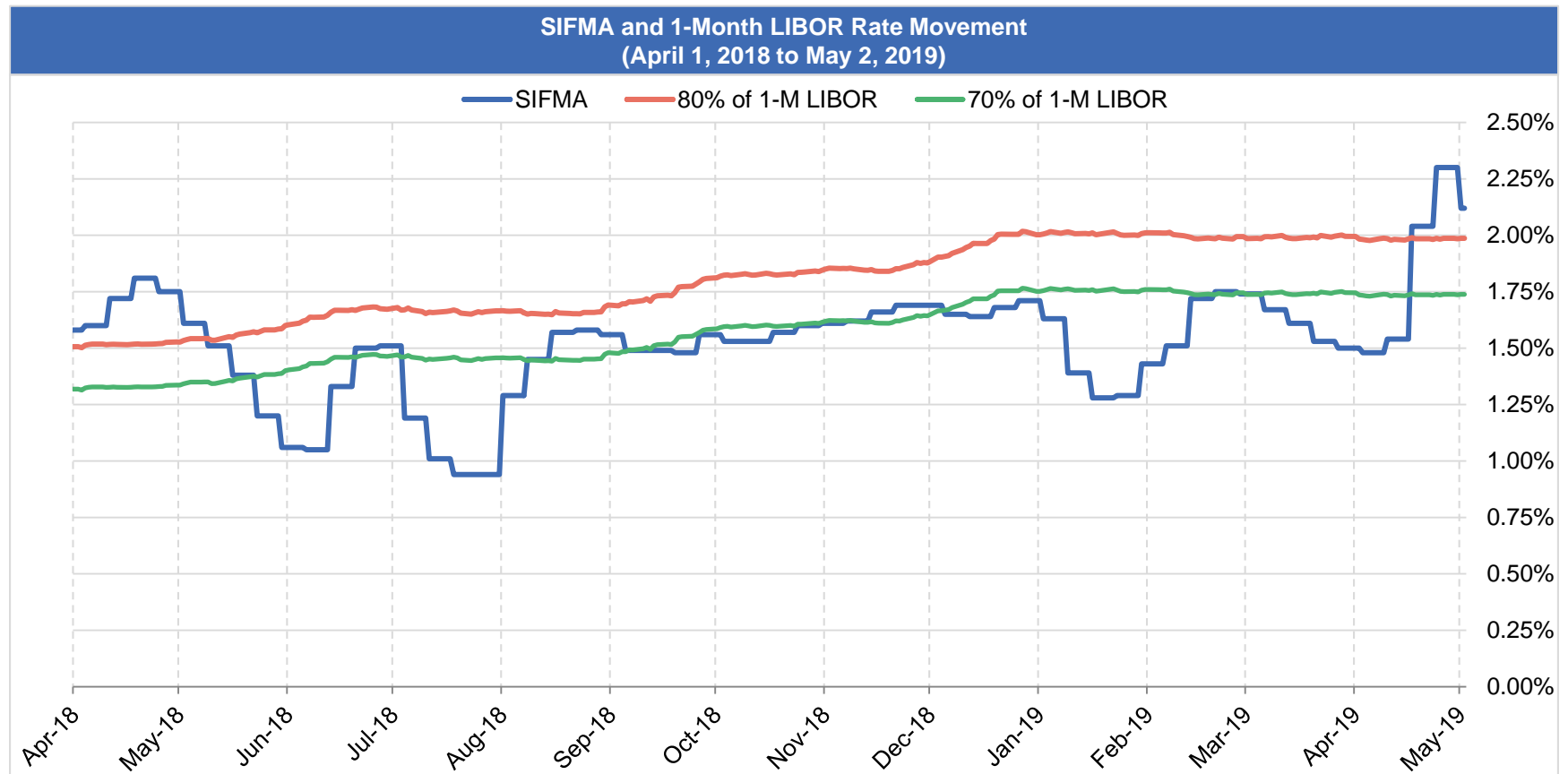
The Street's Interest Rate Forecast (As of May 2, 2019)								
Average Forecasts	Current	Q2 19	Q3 19	Q4 19	Q4 Δ vs. Current	Q1 20	Q2 20	Q3 20
30-Year UST	2.94%	3.01%	3.07%	3.13%	0.19%	3.17%	3.21%	3.24%
10-Year UST	2.55%	2.62%	2.69%	2.75%	0.20%	2.78%	2.83%	2.86%
2-Year UST	2.35%	2.43%	2.48%	2.53%	0.18%	2.56%	2.57%	2.57%
3M LIBOR	2.58%	2.60%	2.63%	2.66%	0.08%	2.68%	2.69%	2.67%
Fed Funds Target Rate (Lower)	2.25%	2.25%	2.25%	2.25%	0.00%	2.25%	2.25%	2.25%

Source: Bloomberg



SIFMA and 1-Month LIBOR Rate Movement

- SIFMA continues climb higher, resetting over 40bps higher heading into April 15th, and is now currently the same rate as the 16-year maturity of the AAA GO MMD Index.



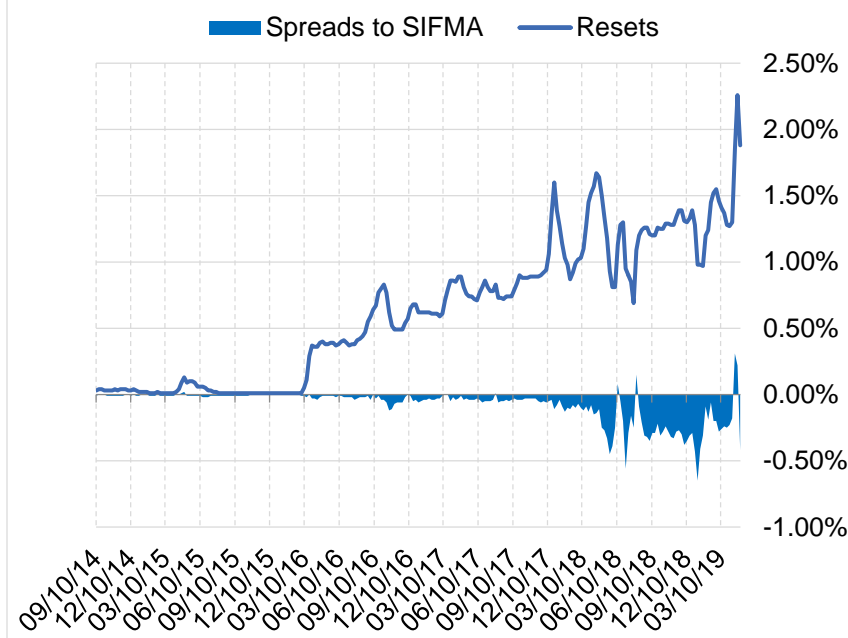
Source: Bloomberg



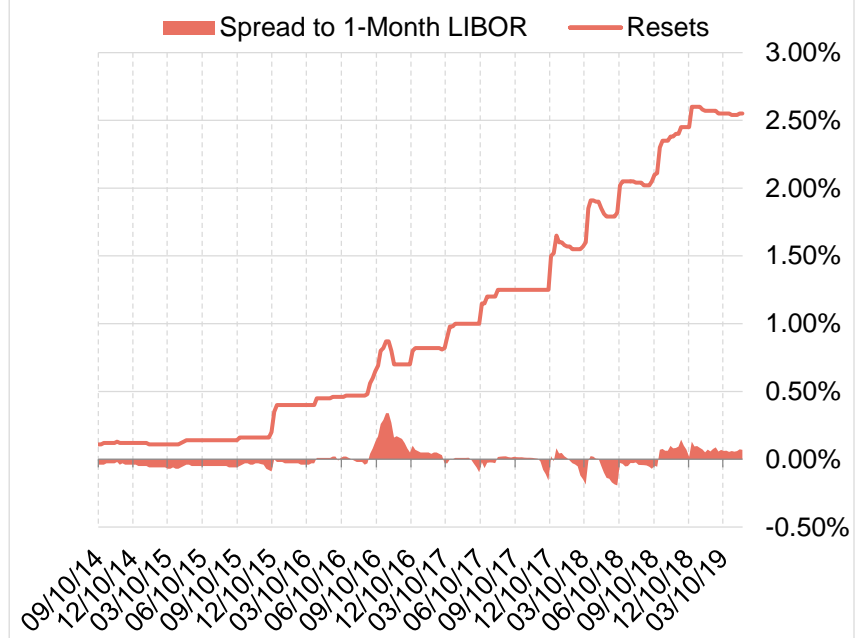
Resets on NCPA's Hydroelectric Project 2008 Series A & B Bonds

- NCPA's Hydroelectric 2008 Series A and B Bonds continue to trade well versus benchmarks and are hedged with interest rate swaps
- NCPA plans to defease the remaining Series B Bonds

NCPA Hydro 2008 Series A (Tax-Exempt)
(09/10/2014 to 04/30/2019)



NCPA Hydro 2008 Series B (Taxable)
(09/10/2014 to 04/30/2019)



Key Takeaway: The 2008A Bonds have continued to reset better than SIFMA; the Series 2008B Bonds have continued to reset slightly above LIBOR

Source: Thomson Reuters, EMMA