



# Northern California Power Agency

**August 2019**

**Finance Committee Materials**

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LLC

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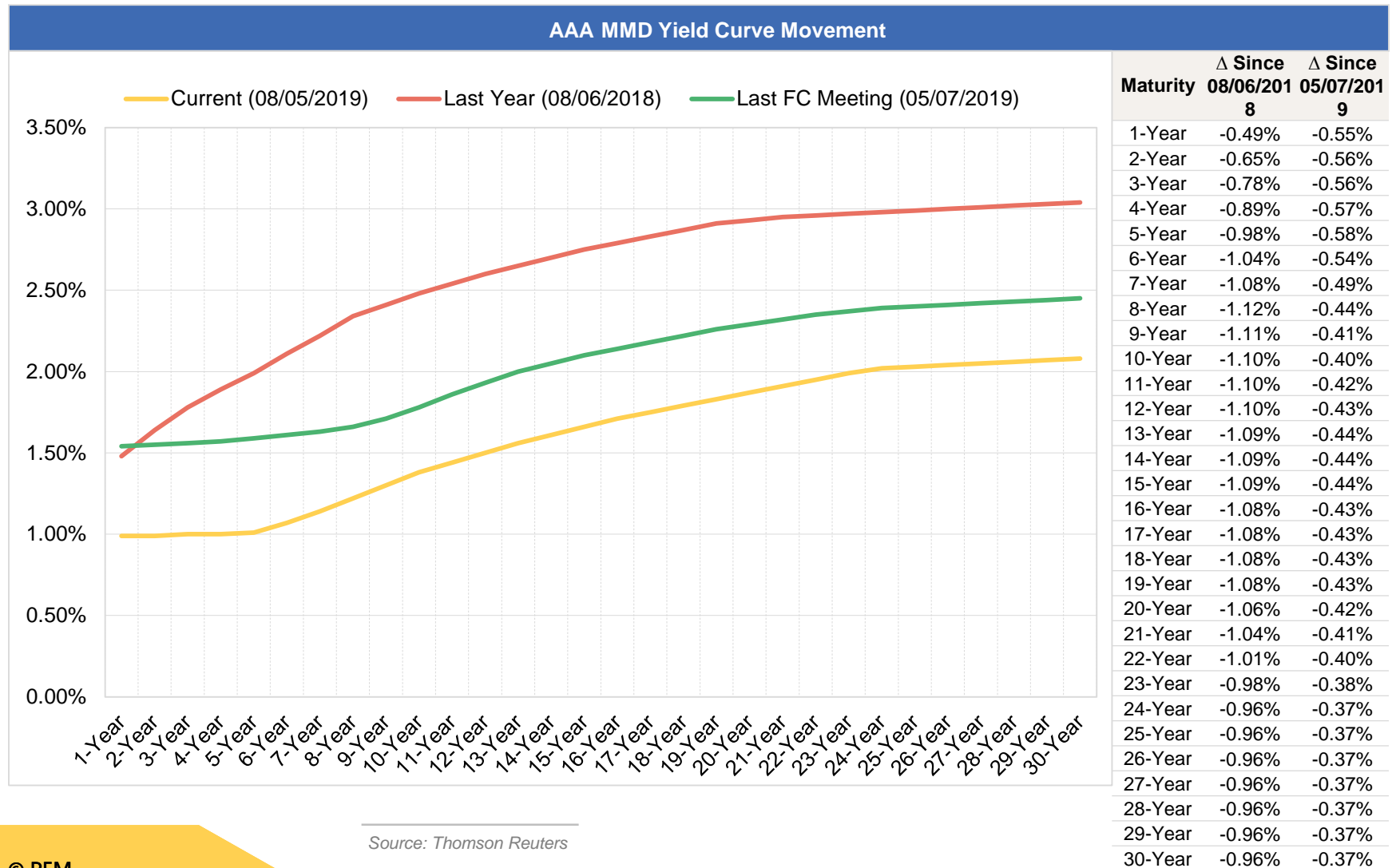
# Report on Current Financial Market Conditions or Issues

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*Data, rates, and related statistics and charts are as of July 5, 2019, unless otherwise indicated*

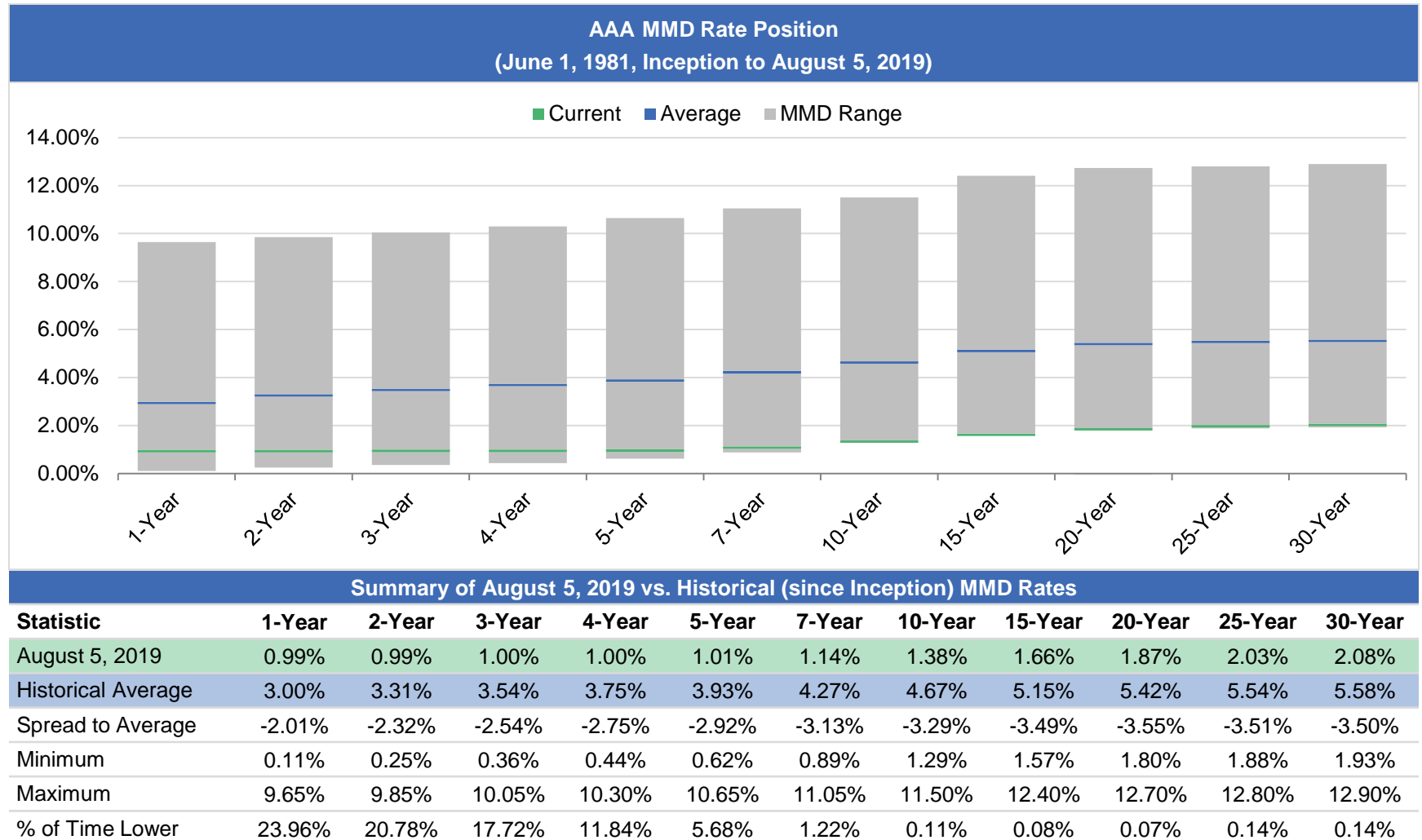


## Recent AAA MMD Yield Curve Movement





## AAA MMD Position Since Inception

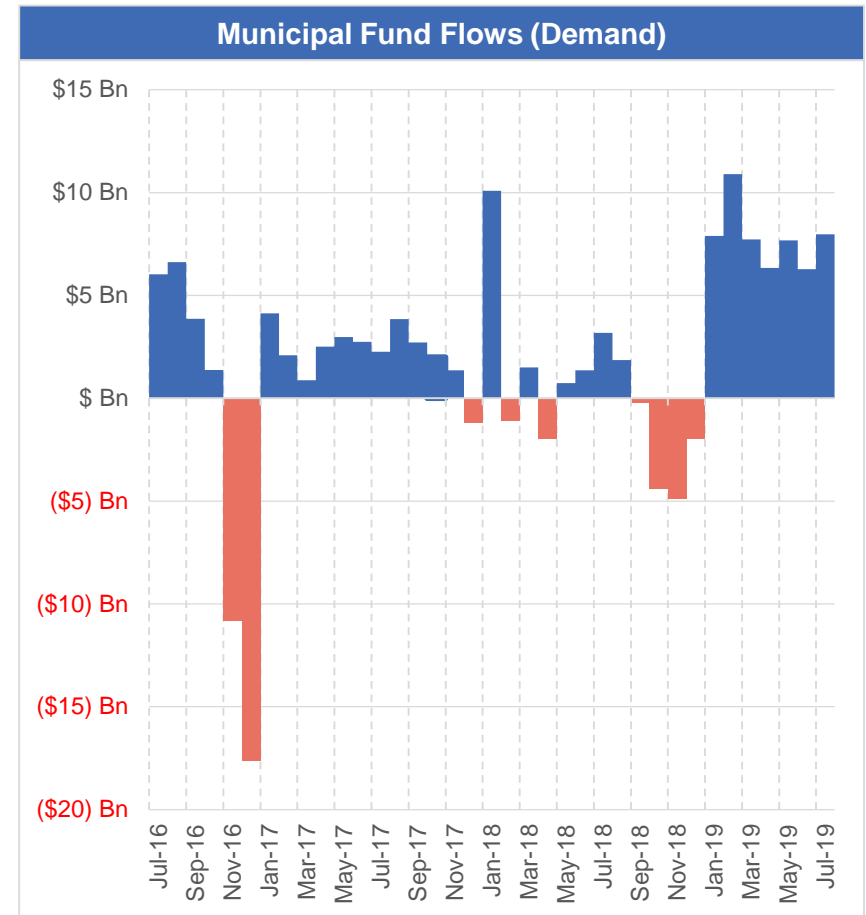
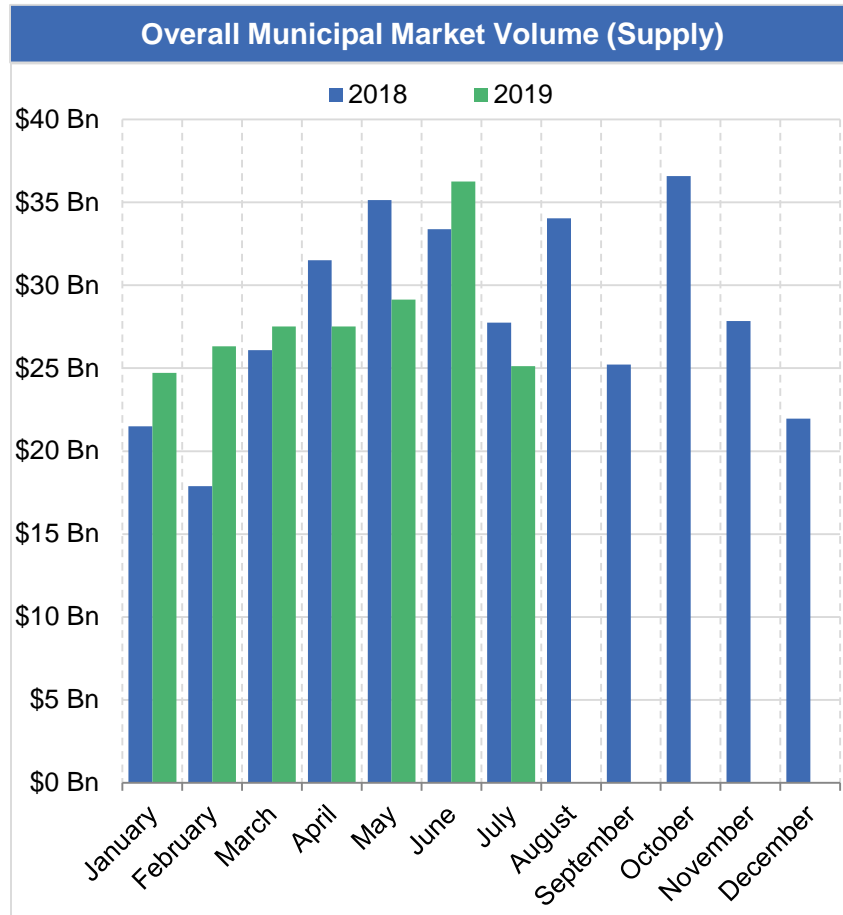


Source: Thomson Reuters



## Municipal Market Supply & Demand

◆ New issuance volume was down 9.40% year-over-year and up 1.73% year-to-date through July.



Source: Bond Buyer, Investment Company Institute



## Interest Rate Forecasts

- On August 5<sup>th</sup>, based on effective Fed funds futures, the probability of a 25 basis point and 50 basis point rate cut in September was 68% and 32%, respectively.

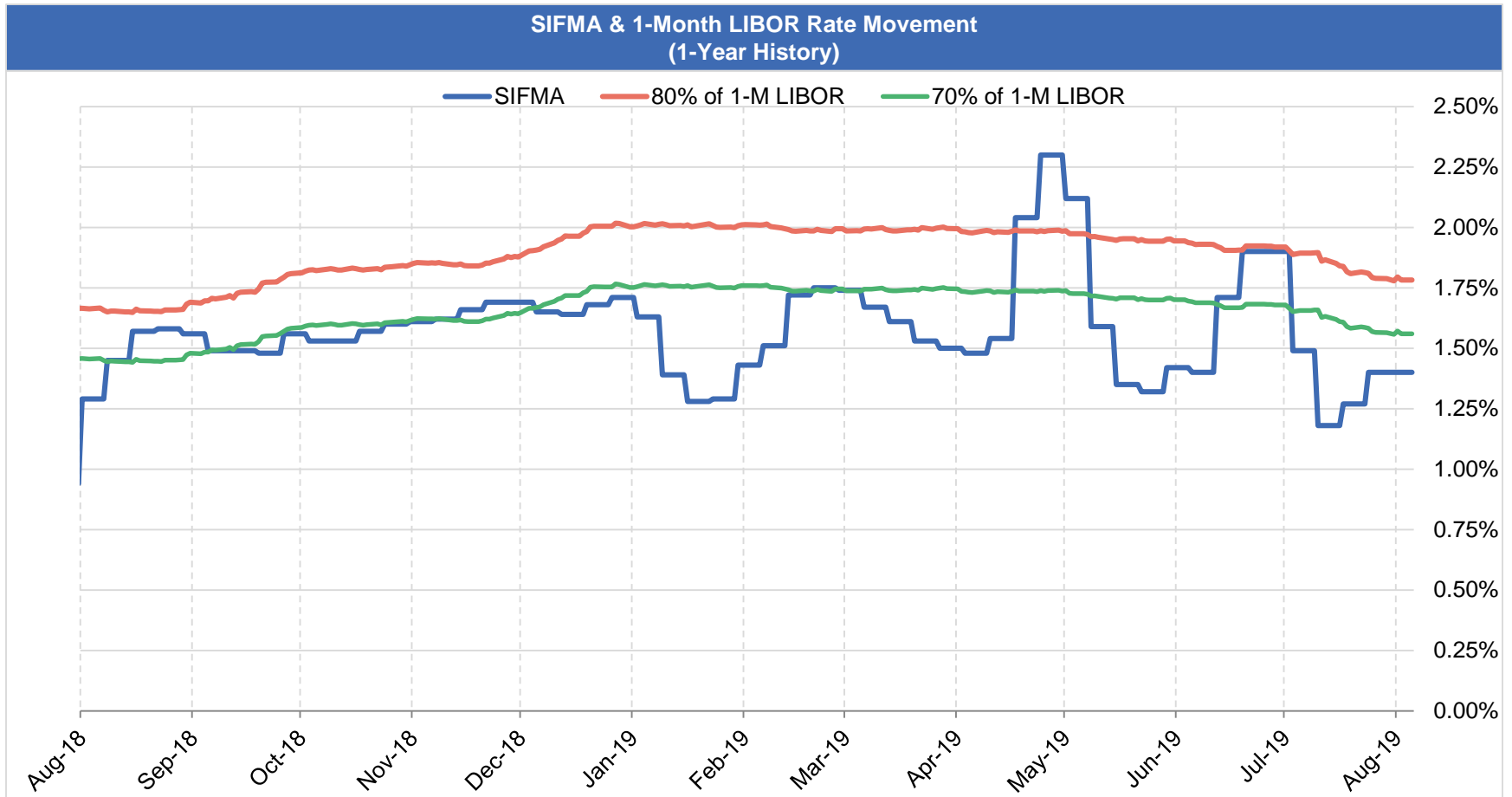
The Street's Interest Rate Forecast (As of August 5, 2019)								
Average Forecasts	Current	Q3 19	Q4 19	Q4 Δ vs. Current	Q1 20	Q2 20	Q3 20	Q4 20
30-Year UST	2.24%	2.58%	2.63%	0.39%	2.68%	2.72%	2.72%	2.72%
10-Year UST	1.68%	2.10%	2.15%	0.47%	2.20%	2.23%	2.26%	2.27%
2-Year UST	1.54%	1.86%	1.87%	0.33%	1.88%	1.91%	1.92%	1.91%
3M LIBOR	2.24%	2.25%	2.18%	-0.06%	2.13%	2.09%	2.09%	2.05%
Fed Funds Target Rate (Lower)	2.00%	1.91%	1.80%	-0.20%	1.73%	1.69%	1.67%	1.64%

Source: Bloomberg



## SIFMA & 1-Month LIBOR Rate Movement

● After nearing 80% of LIBOR in late June, SIFMA has sat below 70% of LIBOR for most of July and moving in to August.

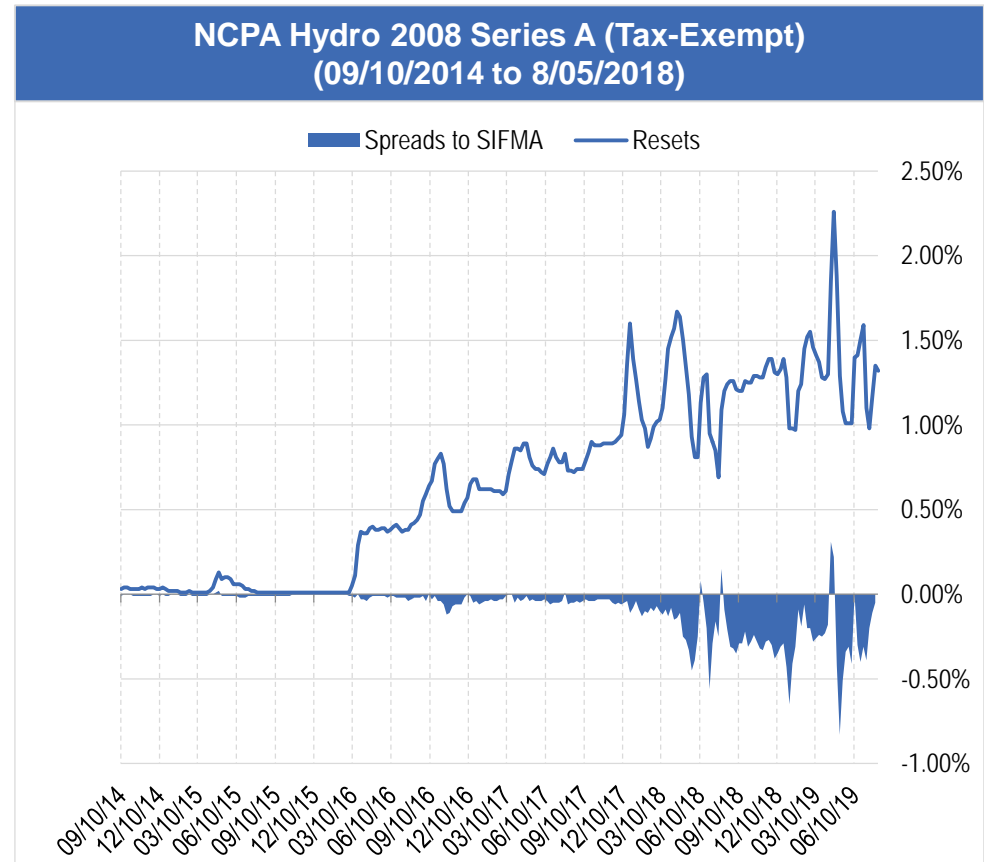


Source: Thomson Reuters



## NCPA's Hydroelectric Project 2008 Series A & B Bonds

- On May 14, 2019 NCPA paid off all outstanding Hydroelectric Project 2008 Series B Bonds
- On June 24, 2019 NCPA entered into a direct-pay letter of credit agreement with Bank of America, N.A., to replace the existing direct-pay letter of credit issued by the Bank of Montreal
- NCPA's Hydroelectric 2008 Series A Bonds continue to trade well versus benchmarks and are hedged with interest rate swaps



**Key Takeaway:** *The 2008A Bonds have continued to reset better than SIFMA*

Source: Thomson Reuters, EMMA





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