

# Municipal Market Snapshot

## Current Market

### Tax-Exempt Market

- Municipal bond yields ended higher on the week on the long end of the curve. The short end remained unchanged, while the 10-year and 30-year rose 5 basis points to close out the week.
- With the rising yields on the long end of the municipal curve, the slope of the 2-year to 30-year widened out by 5 basis points.
- U.S. municipal bond funds reported \$323 million of net inflows. This was the largest of inflows since reported by Lipper in June.
- The 10-year Muni-to-Treasury ratio rose slightly over the week to end at 85.2%, compared with 84.9% for the prior week, the 30-year Muni-to-Treasury ratio declined to 94.5% from 95.7%.
- Estimated volume this week is \$7.16 billion, up from a revised total of \$4.17 billion last week. This week's calendar is composed of \$5.25 billion of negotiated deals and \$1.91 billion of competitive sales. There are 19 sales larger than \$100 million this week, with six of those on the competitive side.

### Economy & Taxable Market

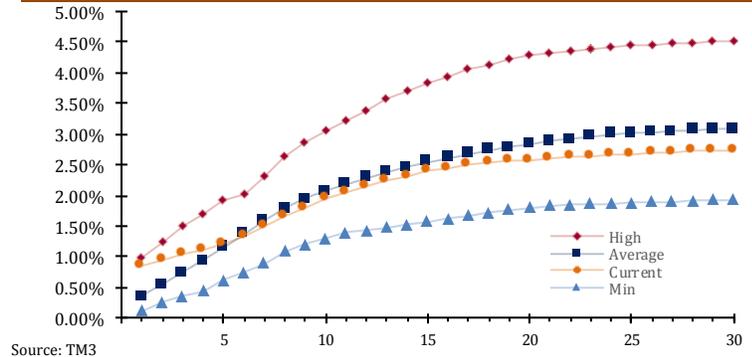
- Treasury yields fell for the week. The 2-year and 5-year rose by 1 and 3 basis points, respectively, while the 10-year and 30-year rose by 5 and 9 basis points, respectively.
- Second-quarter gross domestic product growth accelerated to 2.6%, while first quarter growth was 1.2%, down from the 1.4% rate previously reported. The employment cost index, a gauge of employers' wage and benefit expenditures, rose at a seasonally adjusted 0.5% rate in the second quarter, a bit less than expected and failing to carry on the momentum from the first quarter.
- Initial claims for U.S. state unemployment benefits rose by 10,000 to 244,000 following a small upward revision to the claims level in the previous week while the 4-week trend holds steady.
- The Fed kept interest rates unchanged last week. The Dow posts record close as its closed at 21,830 notching intraday and closing highs.

## Current Municipal Market Rates

Short Term Rates (%)	Current	1-Wk Chg	5Yr Avg	5Yr High	5Yr Low
SIFMA Index	0.82	+0 bps	0.22	0.92	0.01
1-Month LIBOR	1.23	+0 bps	0.34	1.23	0.15
SIFMA/LIBOR Ratio	66.49	-0%	51.52	165.50	2.31
Federal Funds Target (Mid)	1.13	+0 bps	0.26	1.13	0.13
Long Term Rates (%)	Current	1-Wk Chg	5Yr Avg	5Yr High	5Yr Low
AAA 2 Year	0.94	+0 bps	0.54	1.23	0.25
AAA 5 Year	1.21	+0 bps	1.15	1.91	0.62
AAA 10 Year	1.95	+5 bps	2.07	3.04	1.29
AAA 30 Year	2.74	+5 bps	3.08	4.51	1.93
Bond Buyer Index 20 GO	3.52	+1 bps	3.82	5.03	2.80
Bond Buyer Revenue Index	3.72	+2 bps	4.30	5.40	2.98
30-Day Visible Supply (\$mm)	8,532	+4,199	9,068	23,748	2,234
Municipal Bond Fund Flow (\$mm)	323	+24	59	1,600	-4,533
AAA Municipal Slope (bps)	Current	1-Wk Chg	5Yr Avg	5Yr High	5Yr Low
Short End (2yr - 10yr)	+101 bps	+5 bps	+152 bps	+261 bps	+68 bps
Long End (10yr - 30yr)	+79 bps	+0 bps	+102 bps	+162 bps	+63 bps
Full Curve (2yr - 30yr)	+180 bps	+5 bps	+254 bps	+408 bps	+134 bps

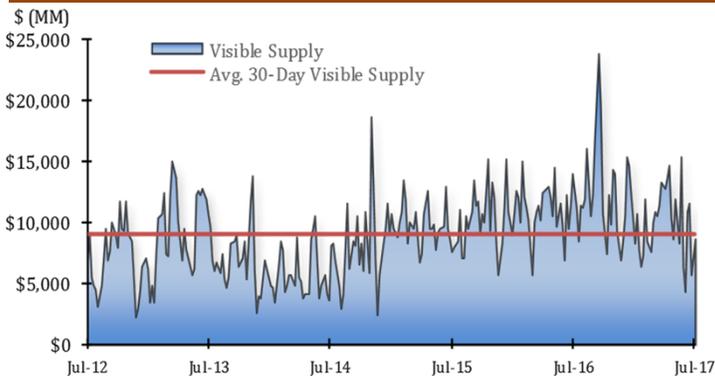
Source: TM3, Bond Buyer, Bloomberg L.P.

## Five Year Historical - Municipal AAA GO Yields



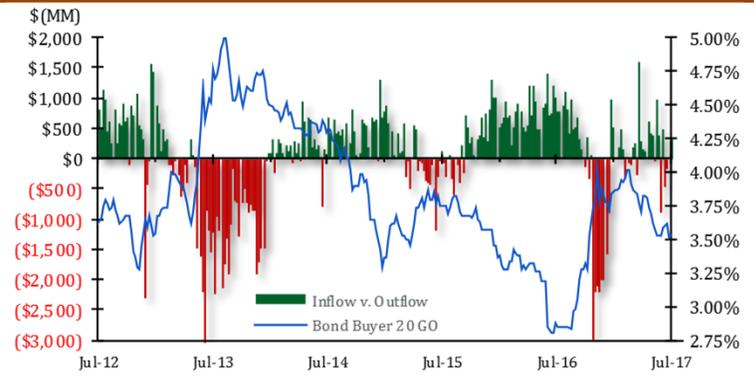
Source: TM3

## Five Year Historical 30-Day Visible Supply (\$mm)



Source: Bloomberg L.P.

## Bond Buyer 20 GO Index (%) v. Net Inflows and Outflows (\$000's)



Source: TM3

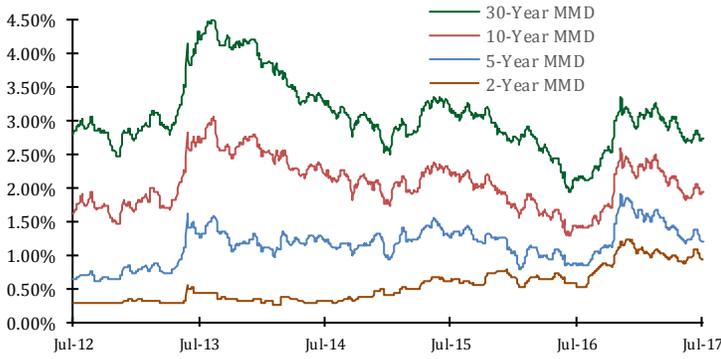
## New Issue Calendar - Week of July 31st

Par (\$000s)	Issuer	State	Description	Ratings (M,S,F)
1,100,000	Bay Area Toll Authority	CA	San Francisco Bay Area Toll Bridge Revenue	Aa3/AA/AA
496,500	Washington Metropolitan Area Transit Authority	DC	Gross Revenue Transit Bonds, Series 2017B	NR/AA-/AA-
313,535	City of Austin (TX)	TX	Water and Wastewater System Revenue	Aa2/AA/AA-
265,000	New Jersey Health Care Facilities Financing Authority	NJ	Revenue Bonds, Series 2017A	A2/NR/A
222,000	State of North Carolina (NC)	NC	Grant Anticipation Revenue Vehicle	A2/AA/A+
221,230	City of Orlando	FL	Tourist Development Tax Refunding Revenue	*/**
205,400	City of San Antonio	TX	Combination Tax and Revenue Certificates	Aaa/AAA/NR
170,875	Turnpike Authority of Kentucky (KY)	KY	Economic Development Road Revenue	Aa3/AA-/NR

\* Indicates rating unavailable at time of print

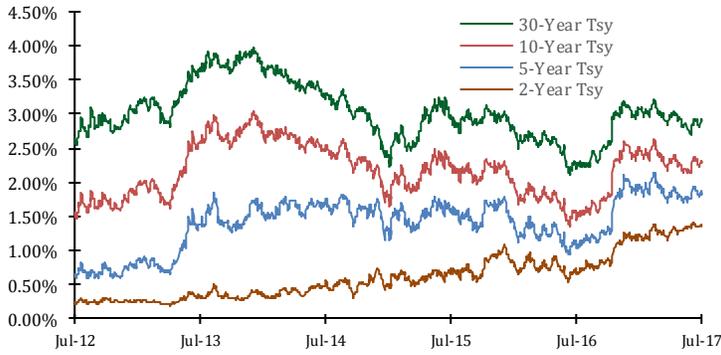
# Municipal Market Snapshot

## Five Year Historical Municipal Spot Rates



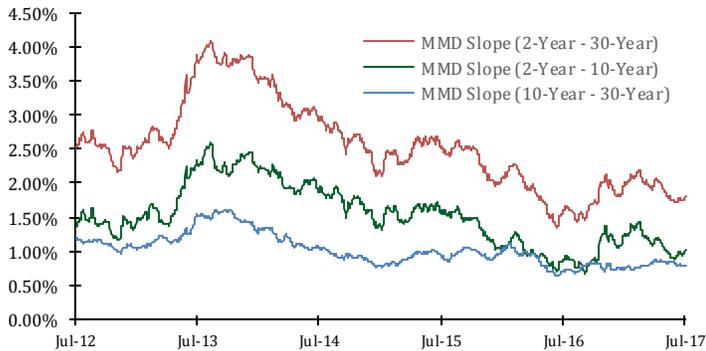
Source: Bloomberg L.P.

## Five Year Historical Treasury Spot Rates



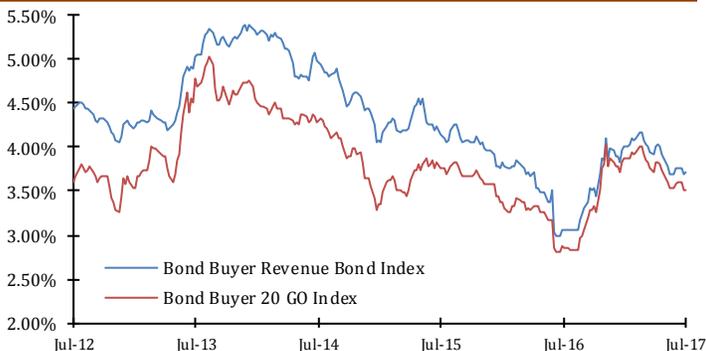
Source: Bloomberg L.P.

## Municipal AAA GO Yield Curve Slope



Source: TM3

## Bond Buyer Indicies



Source: Bloomberg L.P.

## U.S. Treasury Rates

Long Term Taxable (%)	Current	1-Wk Chg	5Yr Avg	5Yr High	5Yr Low
US Treasury 2 Year Note	1.35	+1 bps	0.62	1.41	0.20
US Treasury 5 Year Note	1.83	+3 bps	1.40	2.14	0.58
US Treasury 10 Year Note	2.29	+5 bps	2.07	3.04	1.29
US Treasury 30 Year Bond	2.90	+9 bps	3.03	3.97	2.11

Source: Bloomberg L.P.

## Municipal to U.S. Treasury Ratios

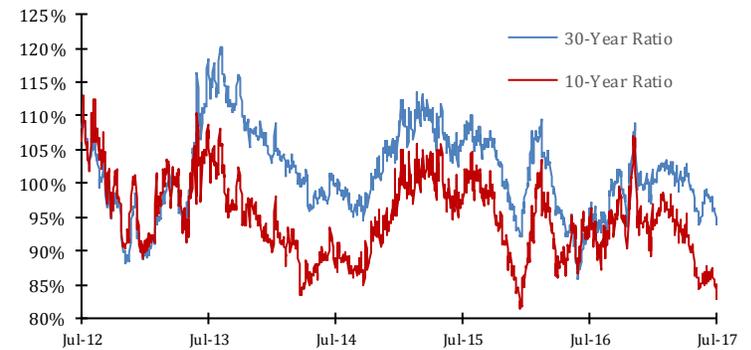
MMD / Treasury Ratios (%)	Current	1-Wk Chg	5Yr Avg	5Yr High	5Yr Low
2 Year Spot	69.77	-0%	93.63	148.11	55.85
5 Year Spot	66.09	-1%	83.93	116.95	62.50
10 Year Spot	85.19	+0%	94.98	113.09	81.56
30 Year Spot	94.59	-1%	101.60	120.29	85.84

Source: Bloomberg L.P.

## U.S. Treasury Yield Curve Slope

US Treasury Slope (bps)	Current	1-Wk Chg	5Yr Avg	5Yr High	5Yr Low
Short End (2yr - 10yr)	+94 bps	+4 bps	+156 bps	+265 bps	+75 bps
Long End (10yr - 30yr)	+107 bps	+6 bps	+162 bps	+254 bps	+93 bps
Full Curve (2yr - 30yr)	+155 bps	+8 bps	+241 bps	+364 bps	+136 bps

## Municipal to U.S. Treasury Ratios



Source: Bloomberg L.P.

## Economic Calendar

Day	Time	Event	Period	Surv(M)	Prior
7/31/2017	8:45 AM	Chicago Purchasing Manager	Jul	60	65.7
7/31/2017	9:00 AM	Pending Home Sales MoM	Jun	1.00%	-0.80%
7/31/2017	9:00 AM	Pending Home Sales NSA YoY	Jun	--	0.50%
7/31/2017	9:30 AM	Dallas Fed Manf. Activity	Jul	13	15
8/1/2017	7:30 AM	Personal Income	Jun	0.40%	0.40%
8/1/2017	7:30 AM	Personal Spending	Jun	0.10%	0.10%
8/1/2017	7:30 AM	PCE Core MoM	Jun	0.10%	0.10%
8/1/2017	8:45 AM	Markit US Manufacturing PMI	Jul F	53.1	53.2
<b>8/1/2017 9:00 AM</b>		<b>ISM Manufacturing</b>	<b>Jul</b>	<b>56.4</b>	<b>57.8</b>
8/1/2017	9:00 AM	ISM Prices Paid	Jul	56.5	55
8/1/2017	9:00 AM	Construction Spending MoM	Jun	0.50%	0.00%
8/2/2017	6:00 AM	MBA Mortgage Applications	28-Jul	--	0.40%
8/2/2017	7:15 AM	ADP Employment Change	Jul	190k	158k
<b>8/3/2017 7:30 AM</b>		<b>Initial Jobless Claims</b>	<b>29-Jul</b>	<b>240k</b>	<b>244k</b>
8/3/2017	8:45 AM	Markit US Services PMI	Jul F	54.2	54.2
8/3/2017	8:45 AM	Markit US Composite PMI	Jul F	--	54.2
8/3/2017	9:00 AM	ISM Non-Manf. Composite	Jul	56.9	57.4
8/3/2017	9:00 AM	Factory Orders	Jun	2.80%	-0.80%
<b>8/3/2017 9:00 AM</b>		<b>Durable Goods Orders</b>	<b>Jun F</b>	<b>6.00%</b>	<b>6.50%</b>
8/3/2017	9:00 AM	Durables Ex Transportation	Jun F	--	0.20%
8/4/2017	7:30 AM	Change in Nonfarm Payrolls	Jul	180k	222k
<b>8/4/2017 7:30 AM</b>		<b>Unemployment Rate</b>	<b>Jul</b>	<b>4.30%</b>	<b>4.40%</b>
8/4/2017	7:30 AM	Trade Balance	Jun	-\$44.8b	-\$46.5b

Source: Bloomberg L.P.

# Municipal Market Snapshot

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- HSE is acting for its own interests; and
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