

Municipal Market Snapshot

Current Market

Tax-Exempt Market

- Municipal bond yields ended mixed for the week. The 10-year and 30-year declined by 1 basis point, while the 2-year and 5-year rose by 6 basis points, and 3 basis points, respectively.
- U.S. municipal bond funds reported \$394.9 million of net inflows, down week-over-week to the with \$985.1 million in inflows in the previous week, according to data released by Lipper on Thursday.
- The 10-year Muni to Treasury ratio was calculated at 86.5%, compared with 86.7% for the prior week, while the 30-year muni to Treasury ratio stood at 96.1% versus 95.8% for the same time period.
- According to Municipal Market Data, the 2017 weekly average for new issue volume stands at \$6.3 billion. The primary market is expected to have the second highest volume total of the year next week comprised of \$7.74 billion of negotiated deals and \$4.04 billion of competitive sales.

Economy & Taxable Market

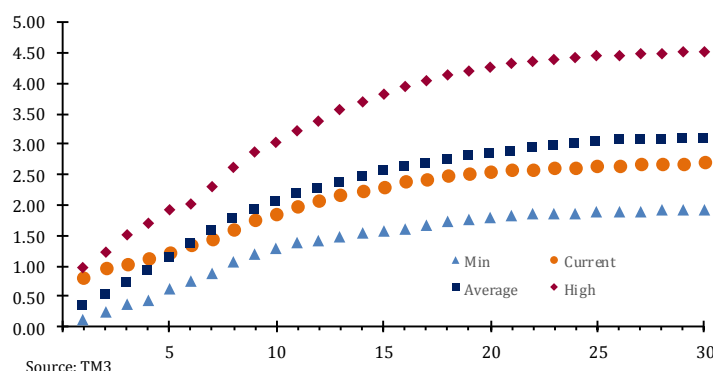
- The Fed hikes interest rates despite declining inflation announcing a quarter point rate hike.
- Treasury yields 2 years and longer declined up to 8 basis points while short-term rates rose up to 5 basis points. Long dated treasuries decreased at the end of the week after trepid inflation numbers outweighed the Fed's rate increase announcement.
- Initial jobless claims were at 240,000 for June 17th compared to 237,000 for June 10th. Unemployment is expected to decline more this year than anticipated.
- Housing starts sink for the third consecutive month as the pace of housing starts fell by 5.5% (seasonally adjusted annual rate) in May. Building permits fell 4.9%, the slowest pace since April 2016.

Current Municipal Market Rates

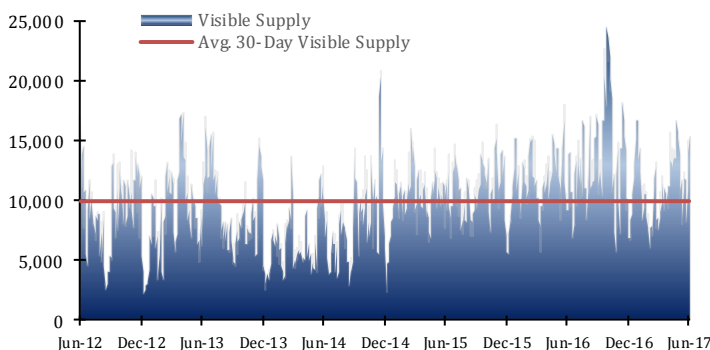
Short Term Rates	Current	1-Wk Chg	5Yr Avg	5Yr High	5Yr Low
SIFMA Index	0.81	+7	0.21	0.92	0.01
1-Month LIBOR	1.17	+8	0.32	1.17	0.15
SIFMA/LIBOR	69%	+2	0.51	1.66	0.02
Long Term Rates	Current	1-Wk Chg	5Yr Avg	5Yr High	5Yr Low
AAA 2 Year	0.96	+6	0.53	1.23	0.25
AAA 5 Year	1.24	+3	1.14	1.91	0.62
AAA 10 Year	1.86	-1	2.06	3.04	1.29
AAA 30 Year	2.70	-1	3.09	4.51	1.93
Bond Buyer Index 20 GO	3.53	+0	3.83	5.03	2.80
Bond Buyer Revenue Index	3.70	+0	4.32	5.40	2.98
30-Day Visible Supply (mm)	15,345	+7,149	9,997	24,642	2,234

Source: TM3, the Bond Buyer, Bloomberg

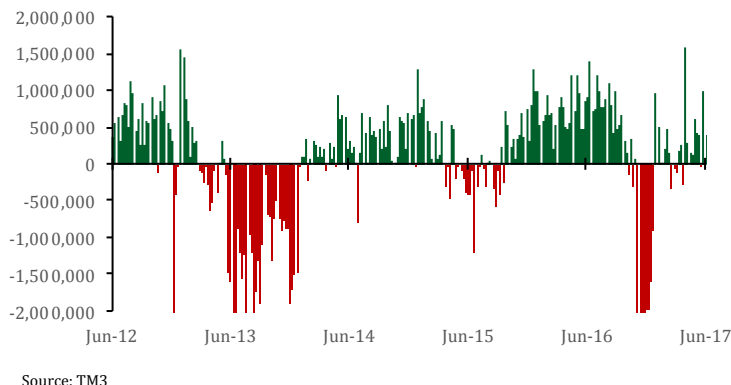
Five Year Historical – Municipal AAA GO Yields



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



Net Inflows and Outflows (\$000's)



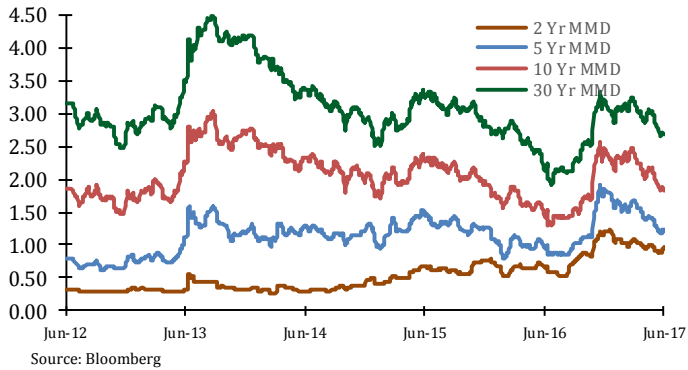
Largest Fixed Rate Deals Pricing During the Week Ending June 23, 2017

Issuer	Expected Pricing Date	Size \$Mn	Rating Mdys/S&P/Fitch/Kroll	Credit
NYC TFA	6/21	\$850.00	Aa1/AAA/AAA	Future Tax Subs
Chicago O'Hare Airport	6/20	\$825.00	NR/A/A	O'Hare Intl Airport
Public Finance Authority – American Dream	TBD	\$800.00	NR/NR/NR	Lt Ob Pilot Revs
Alabama Federal Aid Highway	6/20	\$551.00	Aa1/AAA/NR	Special Obligation
California Health Facilities Finance Authority	6/22	\$442.00	NR/NR/NR	Sutter Health

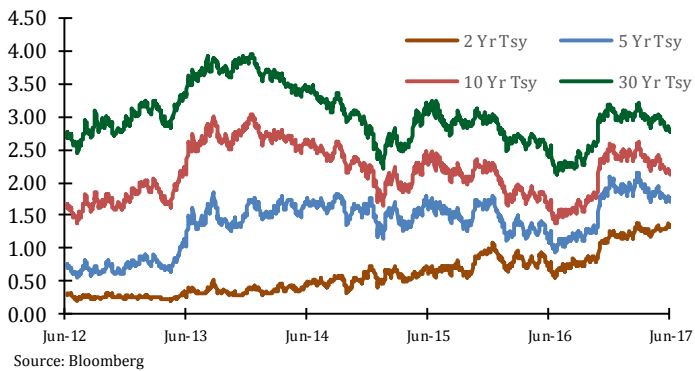
Source: TM3

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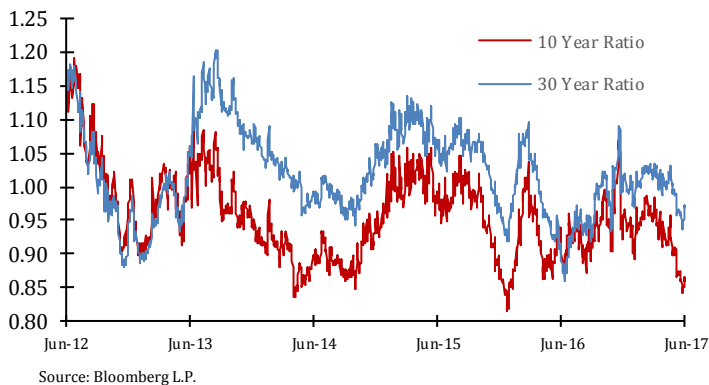
Five Year Historical Municipal Spot Rates



Five Year Historical Treasury Spot Rates



Five Year Historical Tax-Exempt/Taxable Ratios



U.S. Treasury Rates

Long Term Taxable	Current	1-Wk Chg	5Yr Avg	5Yr High	5Yr Low
US Treasury 2 Year Note	1.32	-2	0.59	1.38	0.20
US Treasury 5 Year Note	1.74	-2	1.38	2.14	0.54
US Treasury 10 Year Note	2.15	-5	2.06	3.04	1.29
US Treasury 30 Year Note	2.78	-8	3.02	3.97	2.11

Source: Bloomberg

Municipal to U.S. Treasury Ratios

Ratios	Current	1-Wk Chg	5Yr Avg	5Yr High	5Yr Low
2 Year Spot	73.0	+5.6	94.7	153.8	55.8
5 Year Spot	71.2	+2.7	84.9	121.5	62.5
10 Year Spot	86.5	+1.5	95.6	119.1	81.6
30 Year Spot	97.1	+2.2	102.0	120.3	85.8

Source: Bloomberg L.P.

Economic Calendar

Day	Time	Event	Period	Surv(M)	Prior
6/20/2017	7:30	Current Account Balance	1Q	-\$123.6b	-\$112.4b
6/21/2017	6:00	MBA Mortgage Applications	16-Jun	--	2.80%
6/21/2017	9:00	Existing Home Sales	May	5.55m	5.57m
6/21/2017	9:00	Existing Home Sales MoM	May	-0.40%	-2.30%
6/22/2017	7:30	Initial Jobless Claims	17-Jun	240k	237k
6/22/2017	7:30	Continuing Claims	10-Jun	1928k	1935k
6/22/2017	8:45	Bloomberg Consumer Comfort	18-Jun	--	50
6/22/2017	9:00	Leading Index	May	0.40%	0.30%
6/23/2017	8:45	Markit US Manufacturing PMI	Jun P	52.9	52.7
6/23/2017	8:45	Markit US Services PMI	Jun P	53.5	53.6
6/23/2017	8:45	Markit US Composite PMI	Jun P	--	53.6
6/23/2017	9:00	New Home Sales	May	591k	569k
6/23/2017	9:00	New Home Sales MoM	May	3.80%	-11.40%
6/26/2017	7:30	Durable Goods Orders	May P	-0.70%	-0.80%
6/26/2017	7:30	Durables Ex Transportation	May P	--	-0.50%
6/26/2017	7:30	Cap Goods Orders Nondef Ex Air	May P	--	0.10%
6/26/2017	7:30	Cap Goods Ship Nondef Ex Air	May P	--	0.10%

Source: Bloomberg L.P.

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- HSE is acting for its own interests; and
- You and any person that will have a repayment obligation with respect to any municipal securities issue being considered should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you or the obligated person deem appropriate before acting on this information or material.

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