

# Municipal Market Snapshot

## Current Market

### Short-Term Tax-Exempt Market

- The SIFMA index reset at 0.64%, 1 basis point lower than the prior week of 0.65%. 1-Month LIBOR remained unchanged for the week at 0.78%.
- VRD GM high-grade ended the week unchanged from February 17<sup>th</sup> at 0.58%.

### Long-Term Tax-Exempt Market

- Municipal bond yields declined across the yield curve by as much as 9 basis points from 2026 and 2027. On the short-end of the yield curve, interest rates declined by 6 and 7 basis points from 2018 to 2025. On the long of the yield curve interest rates increased by 7 basis points over the prior week ending February 17<sup>th</sup>.
- Municipal issuers sold \$4.2 billion the week of February 24<sup>th</sup>, representing the third consecutive week of issuance less than \$10 billion.
- U.S. municipal bond funds reported \$149.3 million of net inflows in the week ended February 22<sup>nd</sup>, compared with \$480.1 million in inflows in the previous week, according to data released by Lipper on Thursday. This marks the seventh consecutive week of inflows.
- Municipal bonds are viewed as more attractive amid the uncertainty of what may become of tax-exempt status under tax reform. The 10-year muni-to-treasury ratio ended the week at 98.7% the most since December 6, 2016.

### Taxable Market

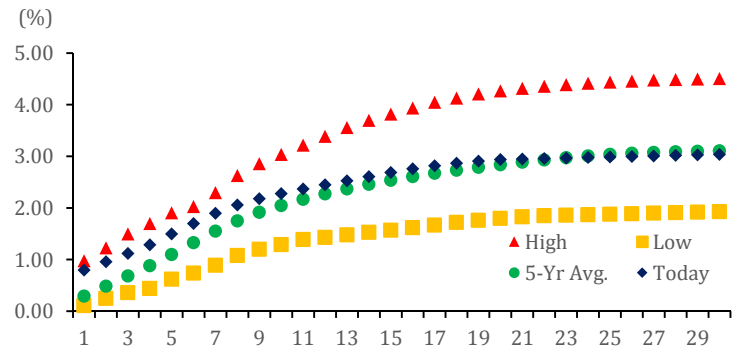
- U.S. Treasury yields were down across the yield curve. Interest rates declined by the 5-, 10-, 30-year declined by 5 basis points while the 2-year declined 1 basis point from the prior week ending February 17<sup>th</sup>.
- The probability of a March interest rate increase is below 40%. Based on the Federal Open Market Committee minutes, the FOMC is prepared to keep interest rates at the current levels unless economic data beats forecasts or confirms their economic forecasts.
- The fate of the European Union continued to rise concerns as foreign investors flocked to treasuries.

## Current Municipal Market Rates

Short Term Market	2/24/2017	2/17/2017	5 Yr. Avg.
SIFMA Index (%)	0.64	0.65	0.17
1-Month LIBOR (%)	0.78	0.78	0.27
SIFMA/1M-LIBOR Ratio	0.82	0.83	0.62
Long Term Market	2/24/2017	2/17/2017	5 Yr. Avg.
AAA MMD (2Yr) (%)	0.96	1.03	0.49
AAA MMD (5Yr) (%)	1.50	1.57	1.10
AAA MMD (10Yr) (%)	2.28	2.37	2.05
AAA MMD (30Yr) (%)	3.04	3.11	3.11
Bond Buyer 20 Bond Index (GO) (%)	3.92	3.94	3.83
Bond Buyer Revenue Bond Index (%)	4.08	4.11	4.37
BB-30 Day Visible Supply	\$9.94bn	\$8.50bn	\$9.53bn
All Muni Fund Flows	\$0.15bn	\$0.48bn	

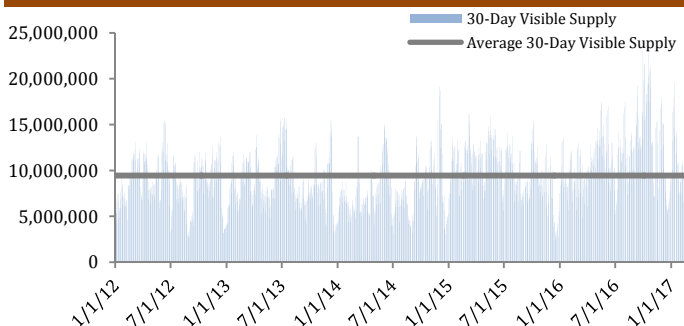
Source: TM3, the Bond Buyer, Bloomberg

## Municipal Yield Curve Since 2012



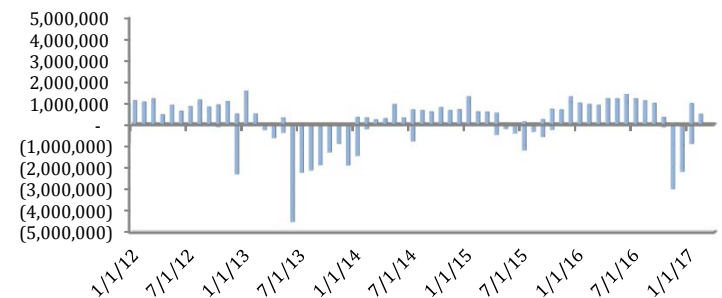
Source: TM3

## 30-Day Visible Supply Since 2012 (\$000)



Source: The Bond Buyer

## Net Inflows and Outflows (\$000's)



Source: TM3

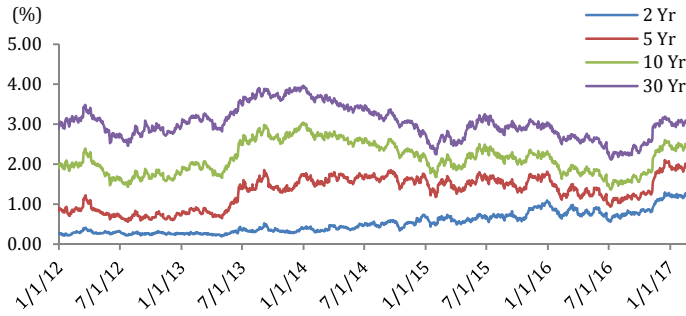
## Largest Deals Priced During the Week Ending February 24, 2017

Issuer	Award Date	Size \$Mn	Rating Mdys/S&P/Fitch/Kroll	Coupon	Spread To MMD	Yield	Final Mty
Alabama St. Port Authority (AGM Insured) Series C	2/23	\$274.990	NR/AA/A-/NR	5.000%	72 bps	3.680%	2036
State of Delaware	2/23	\$225.000	Aaa/AAA/AAA/NR	3.250%	40 bps	3.389%	2037
California Educational Facilities Auth. (Series A)	2/23	\$178.385	Baa1/A/NR/NR	5.000%	74 bps	3.830%	2047
Miami-Dade County	2/23	\$178.280	NR/AA/AA/NR	4.000%	67 bps	3.670%	2038
San Juan Unified School District (Series N)	2/23	\$171.285	Aa2/NR/NR/NR	4.000%	41 bps	2.830%	2028

Source: TM3

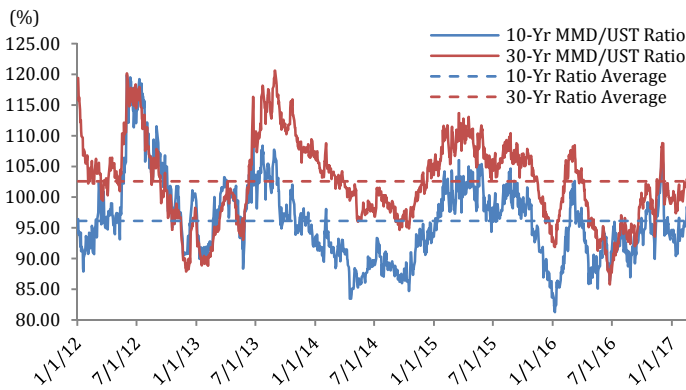
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## Taxable Yield Curves Since 2012



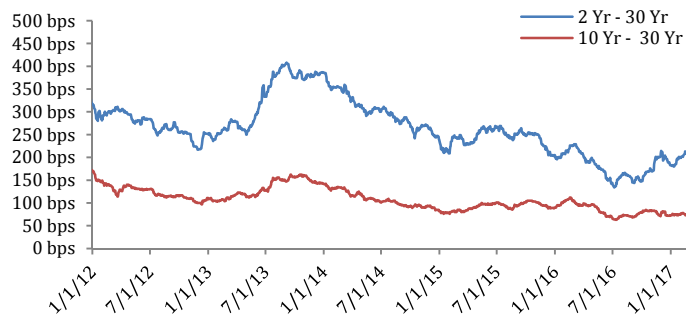
Source: U.S. Department of Treasury

## Tax-Exempt/Taxable Ratios Since 2012



Source: TM3, U.S. Department of Treasury

## MMD Benchmark Yield Curve Steepness Since 2012



Source: TM3

## Forward Calendar (Week of February 27<sup>th</sup>)

Size (\$Mn)	Issuer	Bid State	Type	Available Ratings (Mdy/S&P/Fitch/Kroll)
450.000	California Infrastructure and Economic Development Bank	CA	Negt.	Undef/AAA/AAA/Undef
317.780	Clark County (NV)	NV	Comp.	Aa1/AA+/Undef/Undef
251.640	Oklahoma Development Finance Authority	OK	Negt.	Undef/BBB-/Undef/Undef
199.100	Baltimore County	MD	Comp.	Aaa/AAA/AAA/Undef
123.585	New Jersey Educational Facilities Authority (NJ)	NJ	Negt.	Undef/Undef/Undef/Undef
116.000	Raleigh-Durham Airport Authority	NC	Negt.	Aa3/Undef/AA-/Undef
75.000	City of Mesa	AZ	Negt.	Aa2/AA-/Undef/Undef
69.965	Salt Lake City	UT	Negt.	Aa1/AAA/Undef/Undef
65.330	Community Unit School District No. 5 of McLean & Woodford Counties (Normal)	IL	Comp.	Aa2/NR/NR/NR
62.470	State of Oregon (OR)	OR	Comp.	Aa1/AA+/AA+/Undef

Source: Ipreo, Bloomberg L.P.

## U.S. Treasury Rates

Security	2/24/2017	2/17/2017	5 Yr. Avg.
Effective Fed Funds	0.66	0.66	0.18
2 Yr Note	1.12	1.21	0.54
5 Yr Note	1.80	1.92	1.32
10 Yr Note	2.31	2.42	2.15
30 Yr Bond	2.95	3.03	3.03

Source: U.S. Department of Treasury

## Municipal to U.S. Treasury Ratios

Current Yield Curve	2 Yr	5 Yr	10 Yr	30 Yr
MMD (%)	0.96	1.50	2.28	3.04
UST (%)	1.12	1.80	2.31	2.95
MMD/ UST Ratio	85.71	83.33	98.70	103.05

Source: TM3, U.S. Department of Treasury

## Economic Calendar

Date	Time	Event	Period	Survey	Prior
2/27/2017	8:30	Durable Goods Orders	Jan P	1.60%	-0.50%
2/27/2017	8:30	Durables Ex Transportation	Jan P	0.50%	0.50%
2/27/2017	8:30	Cap Goods Orders Nondef Ex Air	Jan P	0.50%	0.70%
2/27/2017	8:30	Cap Goods Ship Nondef Ex Air	Jan P	0.20%	1.00%
2/27/2017	10:00	Pending Home Sales MoM	Jan	0.60%	1.60%
2/27/2017	10:00	Pending Home Sales NSA YoY	Jan	--	-2.00%
2/27/2017	10:30	Dallas Fed Manf. Activity	Feb	19.4	22.1
2/28/2017	8:30	GDP Annualized QoQ	4Q S	2.10%	1.90%
2/28/2017	8:30	Personal Consumption	4Q S	2.60%	2.50%
2/28/2017	8:30	GDP Price Index	4Q S	2.10%	2.10%
2/28/2017	8:30	Core PCE QoQ	4Q S	1.30%	1.30%
2/28/2017	8:30	Advance Goods Trade Balance	Jan	-\$66.0b	-\$65.0b
2/28/2017	8:30	Wholesale Inventories MoM	Jan P	0.40%	1.00%
2/28/2017	8:30	Retail Inventories MoM	Jan	--	0.00%
2/28/2017	9:00	S&P CoreLogic CS 20-City MoM SA	Dec	0.70%	0.88%
2/28/2017	9:00	S&P CoreLogic CS 20-City YoY NSA	Dec	5.40%	5.27%
2/28/2017	9:00	S&P CoreLogic CS 20-City NSA Index	Dec	--	192.14
2/28/2017	9:00	S&P CoreLogic CS US HPI YoY NSA	Dec	--	5.64%
2/28/2017	9:00	S&P CoreLogic CS US HPI NSA Index	Dec	--	185.23
2/28/2017	9:45	Chicago Purchasing Manager	Feb	53.5	50.3
2/28/2017	10:00	Conf. Board Consumer Confidence	Feb	111	111.8
2/28/2017	10:00	Conf. Board Present Situation	Feb	--	129.7
2/28/2017	10:00	Conf. Board Expectations	Feb	--	99.8
2/28/2017	10:00	Richmond Fed Manuf. Index	Feb	10	12
3/1/2017	7:00	MBA Mortgage Applications	24-Feb	--	-2.00%
3/1/2017	8:30	Personal Income	Jan	0.30%	0.30%
3/1/2017	8:30	Personal Spending	Jan	0.30%	0.50%
3/1/2017	8:30	Real Personal Spending	Jan	-0.10%	0.30%
3/1/2017	8:30	PCE Deflator MoM	Jan	0.50%	0.20%
3/1/2017	8:30	PCE Deflator YoY	Jan	2.00%	1.60%
3/1/2017	8:30	PCE Core MoM	Jan	0.30%	0.10%
3/1/2017	8:30	PCE Core YoY	Jan	1.70%	1.70%
3/1/2017	9:45	Markit US Manufacturing PMI	Feb F	54.5	54.3
3/1/2017	10:00	ISM Manufacturing	Feb	56.2	56
3/1/2017	10:00	ISM Prices Paid	Feb	68	69
3/1/2017	10:00	ISM New Orders	Feb	--	60.4
3/1/2017	10:00	ISM Employment	Feb	--	56.1
3/1/2017	10:00	Construction Spending MoM	Jan	0.60%	-0.20%
3/1/2017	14:00	U.S. Federal Reserve Releases Beige Book			
3/1/2017		Wards Total Vehicle Sales	Feb	17.70m	17.48m
3/1/2017		Wards Domestic Vehicle Sales	Feb	13.65m	13.60m
3/2/2017	7:30	Challenger Job Cuts YoY	Feb	--	-38.80%
3/2/2017	8:30	Initial Jobless Claims	25-Feb	245k	244k
3/2/2017	8:30	Continuing Claims	18-Feb	2060k	2060k
3/2/2017	9:45	Bloomberg Consumer Comfort	26-Feb	--	48
3/3/2017	9:45	Markit US Services PMI	Feb F	54	53.9
3/3/2017	9:45	Markit US Composite PMI	Feb F	--	54.3
3/3/2017	10:00	ISM Non-Manf. Composite	Feb	56.5	56.5

Source: Bloomberg L.P.

# Municipal Market Snapshot

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