

Municipal Market Snapshot

Current Market

Tax-Exempt Market

- Municipal bond yields were down from 2023 maturity to 2047 by as much as 7 basis points and increased on the front-end of the yield curve by as much as 7 basis points in 2018 compared with the prior week.
- Ipreo estimates volume will inch up to \$4.5 billion, from a revised total of \$4.35 billion in the past week, according to updated figures from Thomson Reuters. The calendar for the week ahead is composed of \$2.94 billion of negotiated deals and \$1.56 billion of competitive sales.
- U.S. municipal bond funds reported \$118.1 million of net outflows in the week ended March 15th, compared with \$73.1 million in outflows in the previous week, according to data released by Lipper on Thursday.
- A new fiscal plan for Puerto Rico bond will push down the value of certain bonds by as much as 9% according to the Municipal Securities Rulemaking Board data will have a significant impact on the holdings of mutual funds.

Economy & Taxable Market

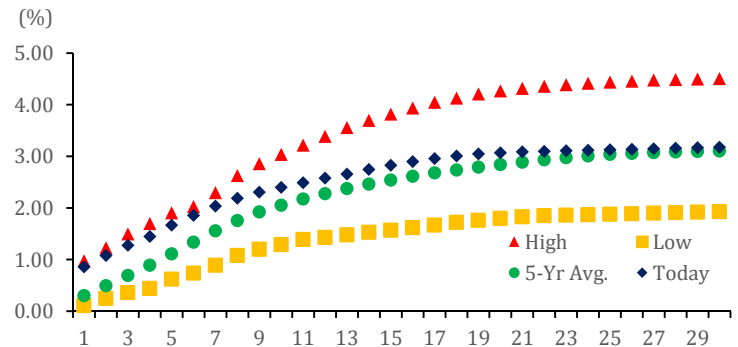
- On Wednesday, the Federal Reserve issued a statement saying it would raise short-term interest rates and continue to increase them this year. Fed officials said they would raise the benchmark Federal-Funds rate by a quarter percentage point to a range between 0.75% and 1.00%, and anticipates two more rate increases this year. The policy statement and projections were less aggressive than markets had anticipated.
- The Consumer Price Index (CPI) increased 0.1% in February on a seasonally adjusted basis, according to the U.S. Bureau of Labor Statistics. Over the last 12 months, index rose 2.7% before seasonal adjustment.
- The U.S. dollar suffered broad losses after the Federal Reserve signaled it would raise interest rates. The Dollar Index descended to its lowest level since early February.
- The preliminary University of Michigan consumer sentiment rose slightly to 97.6 from 96.3 due to the strength in current economic conditions.
- U.S. Treasury rates were down across the yield curve by as much as 9 basis points as compared with the prior week, after the Federal Reserve said the Federal-Funds rate would increase as expected by the market.

Current Municipal Market Rates

Short Term Market	3/17/2017	3/10/2017	5 Yr. Avg.
SIFMA Index (%)	0.71	0.62	0.17
1-Month LIBOR (%)	0.98	0.89	0.28
SIFMA/1M-LIBOR Ratio	0.73	0.70	0.63
Long Term Market	3/17/2017	3/10/2017	5 Yr. Avg.
AAA MMD (2Yr) (%)	1.08	1.05	0.49
AAA MMD (5Yr) (%)	1.67	1.65	1.11
AAA MMD (10Yr) (%)	2.40	2.47	2.05
AAA MMD (30Yr) (%)	3.18	3.24	3.11
Bond Buyer 20 Bond Index (GO) (%)	4.02	4.02	3.83
Bond Buyer Revenue Bond Index (%)	4.17	4.17	4.37
BB-30 Day Visible Supply	\$8.75bn	\$10.96bn	\$9.53bn
All Muni Fund Flows	-\$0.12bn	-\$0.07bn	

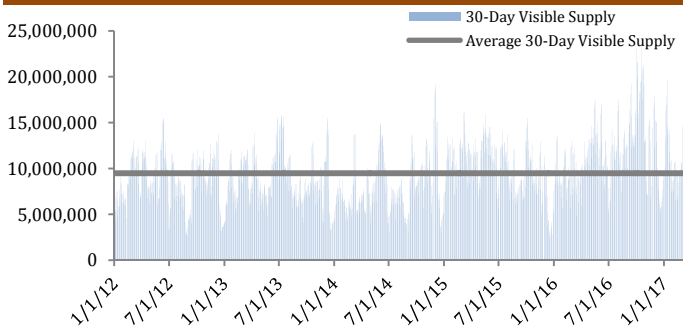
Source: TM3, the Bond Buyer, Bloomberg

Municipal Yield Curve Since 2012



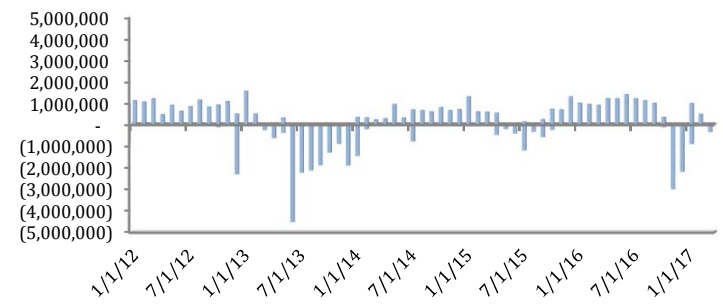
Source: TM3

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 March 17, 2017¹

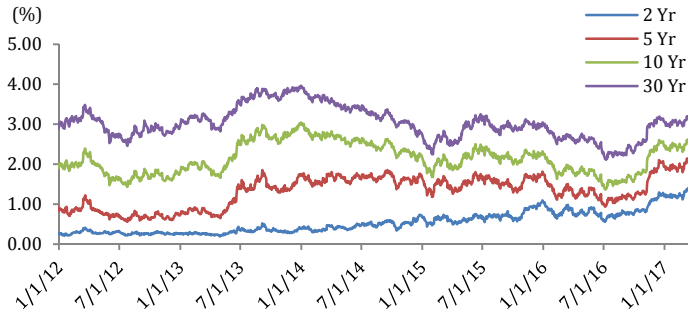
Issuer	Award Date	Size \$Mn	Rating Mdys/S&P/Fitch/Kroll	Coupon	Spread To MMD	Yield	Final Mty
Empire State Dev. Corp. Sr. 2017B Group A Taxable	3/16	\$518.615	NR/AAA/AA+/NR	2.100%	50 Bps	2.100%	2022
Empire State Dev. Corp. Sr. 2017B Group B Taxable	3/16	\$516.090	NR/AAA/AA+/NR	3.420%	89 Bps ²	3.420%	2028
Ohio Water Development Authority	3/14	\$400.000	Aaa/AAA/NR/NR	5.000%	20 Bps	3.030%	2031
Empire State Dev. Corp. Sr. 2017A Group A	3/16	\$321.410	NR/AAA/AA+/NR	5.000%	28 Bps	2.700%	2027
County of Hamilton (Trihealth, Inc.)	3/14	\$307.005	NR /A+ / A+/NR	5.00%/4.25%	86/114 Bps	4.11%/4.39%	2047

Source: TM3

1. Taxable transactions are spread to Treasuries
2. Financing is spread to the 10-year Treasury at an interest rate of 2.53%

Municipal Market Snapshot

Taxable Yield Curves Since 2012



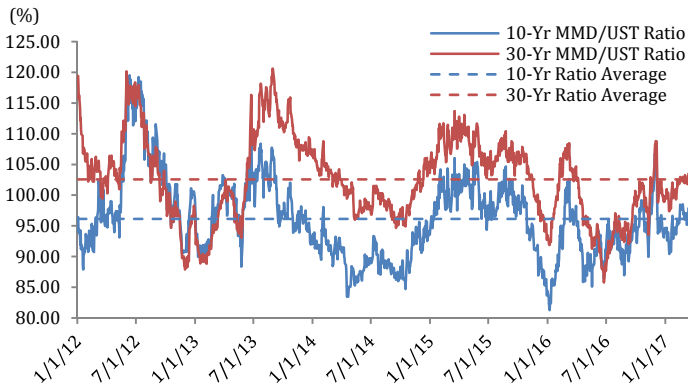
Source: U.S. Department of Treasury

U.S. Treasury Rates

Security	3/17/2017	3/10/2017	5 Yr. Avg.
Effective Fed Funds	0.91	0.66	0.18
2 Yr Note	1.33	1.36	0.55
5 Yr Note	2.03	2.11	1.33
10 Yr Note	2.50	2.58	2.15
30 Yr Bond	3.11	3.16	3.03

Source: U.S. Department of Treasury

Tax-Exempt/Taxable Ratios Since 2012



Source: TM3, U.S. Department of Treasury

Municipal to U.S. Treasury Ratios

Current Yield Curve	2 Yr	5 Yr	10 Yr	30 Yr
MMD (%)	1.08	1.67	2.40	3.18
UST (%)	1.33	2.03	2.50	3.11
MMD/ UST Ratio	81.20	82.27	96.00	102.25

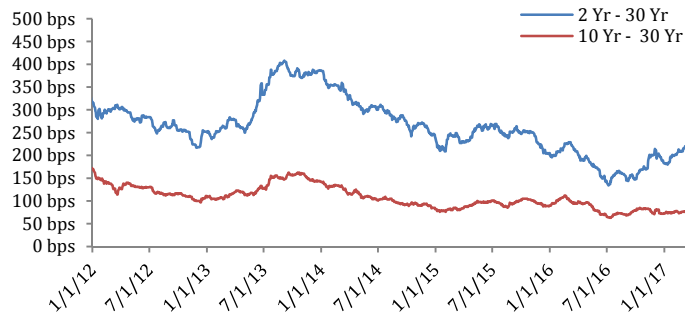
Source: TM3, U.S. Department of Treasury

Economic Calendar

Date	Time	Event	Period	Survey	Prior
3/20/2017	8:30	Chicago Fed Nat Activity Index	Feb	0.03	-0.05
3/21/2017	8:30	Current Account Balance	4Q	-\$129.0b	-\$113.0b
3/22/2017	7:00	MBA Mortgage Applications	17-Mar	--	3.10%
3/22/2017	9:00	FHFA House Price Index MoM	Jan	0.40%	0.40%
3/22/2017	10:00	Existing Home Sales	Feb	5.56m	5.69m
3/22/2017	10:00	Existing Home Sales MoM	Feb	-2.30%	3.30%
3/23/2017	8:30	Revisions: Initial Jobless Claims	18-Mar	240k	241k
3/23/2017	8:30	Initial Jobless Claims	11-Mar	2042k	2030k
3/23/2017	8:30	Continuing Claims	19-Mar	--	51
3/23/2017	9:45	Bloomberg Consumer Comfort	Feb	565k	555k
3/23/2017	10:00	New Home Sales	Feb	1.80%	3.70%
3/23/2017	10:00	New Home Sales MoM	Mar	14	14
3/23/2017	11:00	Kansas City Fed Manf. Activity	Feb P	1.30%	2.00%
3/24/2017	8:30	Durable Goods Orders	Feb P	0.70%	0.00%
3/24/2017	8:30	Durables Ex Transportation	Feb P	0.50%	-0.10%
3/24/2017	8:30	Cap Goods Orders Nondef Ex Air	Feb P	0.30%	-0.40%
3/24/2017	8:30	Cap Goods Ship Nondef Ex Air	Mar P	54.8	54.2
3/24/2017	9:45	Markit US Manufacturing PMI	Mar	54.8	54.2
3/24/2017	10:00	Revisions: Wholesale sales and inventories	Mar	20.5	24.5
3/27/2017	10:30	Dallas Fed Manf. Activity	Mar	20.5	24.5

Source: Bloomberg L.P.

MMD Benchmark Yield Curve Steepness Since 2012



Source: TM3

Forward Calendar (Week of March 17th)

Size (\$Mn)	Issuer	State	Bid Type	Available Ratings (Mdv/S&P/Fitch/Kroll)
594.000	New York State Environmental Facilities Corporation	NY	Negt.	Aaa/Undef/Undef/Undef
232.455	Oregon State Department of Administrative Services	OR	Negt.	Aa2/AAA/Undef/Undef
230.000	North Carolina Turnpike Authority	NC	Negt.	Undef/BBB/Undef/Undef
189.115	State of Louisiana (LA)	LA	Comp.	Aa3/AA-/AA-/Undef
180.000	San Francisco Unified School District	CA	Comp.	Aa2/AA-/AAA/Undef
139.000	Palomar Community College District	CA	Negt.	Aa1/AA/Undef/Undef
128.320	New Jersey Educational Facilities Authority	NJ	Comp.	Aaa/AAA/Undef/Undef
116.875	Clark County (NV)	NV	Negt.	Aa3/A+/Undef/Undef
111.195	Tulsa County Industrial Authority	OK	Negt.	Undef/Undef/Undef/Undef
100.580	Dutchess County Local Development Corporation	NY	Negt.	Aa3/AA-/Undef/Undef

Source: Ipreo, Bloomberg L.P.

Municipal Market Snapshot

NON-ADVICE DISCLAIMER

Important Information about Our Communications with You

In connection with its responsibilities under the federal securities laws and the rules of the Municipal Securities Rulemaking Board, Hutchinson, Shockey, Erley & Co. (HSE) wants to ensure that you understand the purpose of our communications with you and the role we intend to play in any transactions that we may engage in with you. We are communicating with you for the purpose of soliciting business as an underwriter of municipal securities. We propose to serve as an underwriter, not as a financial advisor or municipal advisor, in connection with any transaction that may result from our communications. Please note that:

- HSE is not recommending that you take any action;
- HSE is not acting as the advisor to you or any obligated person on a municipal securities issue and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to you or any obligated person with respect to the information and material contained in this communication;
- 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.

MSRB Rule G-17

HSE would serve as an underwriter in connection with the proposed Offering of municipal securities, not as a financial advisor. Rule G-17 of the Municipal Securities Rulemaking Board requires an underwriter such as HSE to deal fairly at all times with both municipal issuers and investors. HSE's primary role in the Offering would be to purchase securities with a view to distribution in an arm's-length commercial transaction with the Issuer, and HSE has financial and other interests that differ from those of the Issuer. Unlike a municipal advisor, HSE as an underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests. HSE will have a duty to purchase any securities sold in the offering from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell those securities to investors at prices that are fair and reasonable. HSE makes no recommendation with regard to the hiring of a municipal advisor by the Issuer. HSE's compensation as an underwriter would be contingent on the closing of the Offering. Such contingent compensation presents a conflict of interest, because it may cause HSE to recommend the Offering even if it is unnecessary or to recommend that the size of the Offering be larger than is necessary. If retained, HSE will review the official statement for the securities sold in the Offering in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the Offering.

Informational Accuracy and Future Performance Disclaimer

Some information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. Any opinions expressed are subject to change without notice. Any performance information shown represents historical market information only and does not infer or represent any past performance. It should not be assumed that any historical market performance information discussed herein will equal such future performance.