

# Municipal Market Snapshot

## Current Market

### Tax-Exempt Market

- Yields in the municipal bond market were down across the yield curve by 3-5 basis points beginning with the 2-, 5- and 10-year MMD were all down own 3 basis points from the prior week, while the 30-year MMD declined by 2 basis points.
- Ipreo estimates volume will increase to \$7.32 billion, from a revised total of \$5.10 billion in the past week, according Thomson Reuters. The calendar for the week ahead is comprised of \$6.75 billion of negotiated deals and \$569 million of competitive sales.
- U.S. municipal bond funds reported \$265 million of net inflows in the week ended March 29<sup>th</sup>, compared with \$173.5 million in inflows in the previous week, according to data released by Lipper on Thursday.
- Monthly volume fell to \$29.83 billion in 850 transactions from \$42.53 billion in 1,191 deals in March of 2016, according to data from Thomson Reuters. It was the third lowest issuance total for March going back to 2008, after the \$28.56 billion in 2014 and \$18.91 billion in 2011.

### Economy & Taxable Market

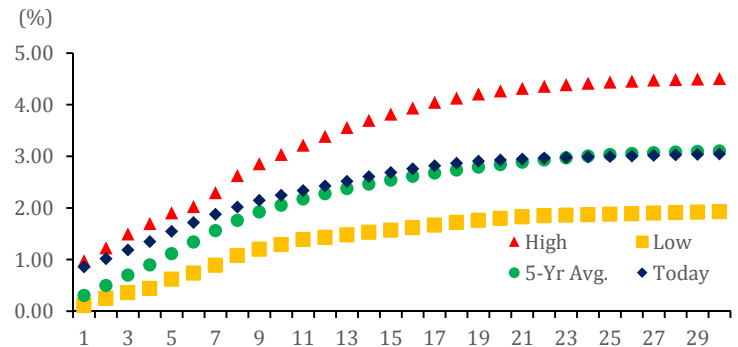
- GDP grew to a revised 2.1% for the 4<sup>th</sup> quarter reflected by positive influences from personal consumption expenditures, private inventory investment, residential fixed investment, nonresidential fixed investment, and state and local government spending that were partly offset by negative contributions from exports and federal government spending.
- The Consumer confidence index increased to 125.6 in March from the revised 116.1 last month. Consumer confidence increase sharply in March to its highest levels since December 2000.
- Pending home sales increased by 5.5% to an index reading of 112.3 in February after an unrevised drop of 2.8% in January.
- The Treasury Department had a \$26 billion 2-year note auction with a 1 1/4% coupon at 1.261%.
- Treasury bond yields were marginally higher for the week. Bond yields increased by as much as 3 basis points on the front-end of the yield curve and by as much as 2 basis points on the long-end of the yield curve. The 1-year was 3 basis points higher, while the 30-year long bond trended higher by 2 basis points.

## Current Municipal Market Rates

Short Term Market	3/31/2017	3/24/2017	5 Yr. Avg.
SIFMA Index (%)	0.91	0.79	0.18
1-Month LIBOR (%)	0.98	0.98	0.28
SIFMA/1M-LIBOR Ratio	0.93	0.80	0.63
Long Term Market	3/31/2017	3/24/2017	5 Yr. Avg.
AAA MMD (2Yr) (%)	1.02	1.05	0.50
AAA MMD (5Yr) (%)	1.55	1.58	1.12
AAA MMD (10Yr) (%)	2.25	2.28	2.05
AAA MMD (30Yr) (%)	3.05	3.07	3.10
Bond Buyer 20 Bond Index (GO) (%)	3.86	3.91	3.83
Bond Buyer Revenue Bond Index (%)	4.03	4.08	4.36
BB-30 Day Visible Supply	\$12.54bn	\$10.67bn	\$9.54bn
All Muni Fund Flows	\$0.27bn	\$0.17bn	

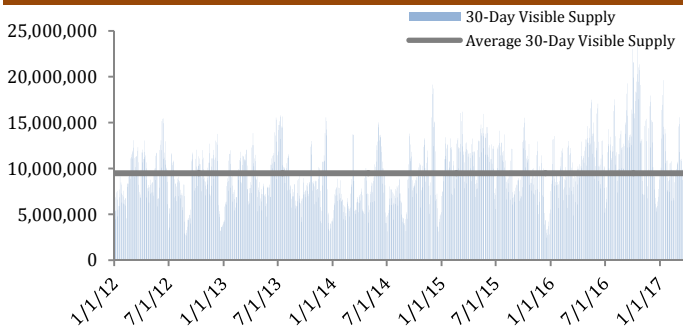
Source: TM3, the Bond Buyer, Bloomberg

## Municipal Yield Curve Since 2012



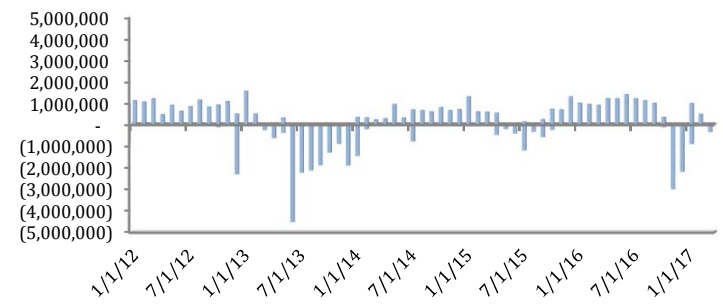
Source: TM3

## 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 31, 2017

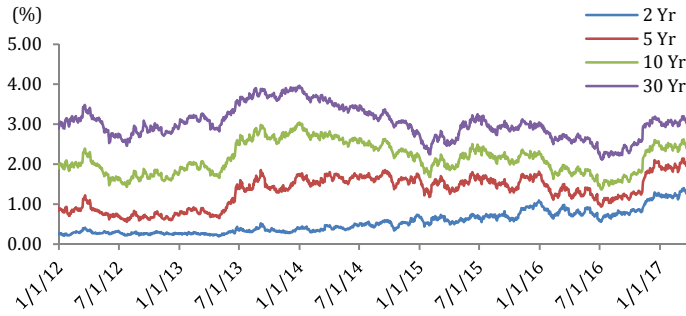
Issuer	Award Date	Size \$Mn	Rating Mdys/S&P/Fitch/Kroll	Coupon	Spread To MMD	Yield	Final Mty
State of Connecticut	3/29	\$747.025	Aa3/AA-/AA-/AA-	4.000%	109 Bps	4.000%	2037
City of San Jose Arpt. (Ser. A AMT Ser. B Non-AMT)	3/28	\$624.270	A2/AA/A-/NR	5.000%	77/47 Bps	3.78%/3.48%	2047
Golden State Tobacco Securitization Corp. <sup>1</sup>	3/30	\$630.855	NR/BBB/NR/NR	5.000%	83 Bps	3.250%	2029
New Jersey Turnpike Authority	3/29	\$600.000	A2/A+/A/NR	3.500%	83 Bps	3.720%	2036
Puyallup School District No. 3 (WA)	3/28	\$181.225	Aa1/AA+/NR/NR	5.000%	22 Bps	3.110%	2036

Source: TM3

1. The Golden State Tobacco Securitization received three separate ratings from S&P, Maturities 2018-2020 have a rating of A maturities from 2021-2026 have an underlying rating of BBB+ and maturities 2027-2029 have a rating of BBB.

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## Taxable Yield Curves Since 2012



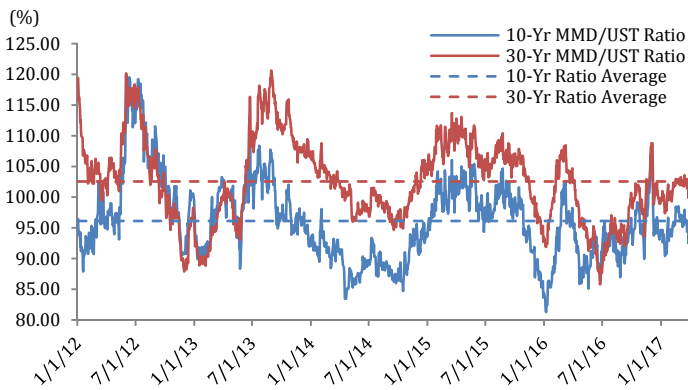
Source: U.S. Department of Treasury

## U.S. Treasury Rates

Security	3/31/2017	3/24/2017	5 Yr. Avg.
Effective Fed Funds	0.91	0.91	0.19
2 Yr Note	1.27	1.26	0.56
5 Yr Note	1.93	1.93	1.33
10 Yr Note	2.40	2.40	2.15
30 Yr Bond	3.02	3.00	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 (%)	1.02	1.55	2.25	3.05
UST (%)	1.27	1.93	2.40	3.02
MMD/ UST Ratio	80.31	80.31	93.75	100.99

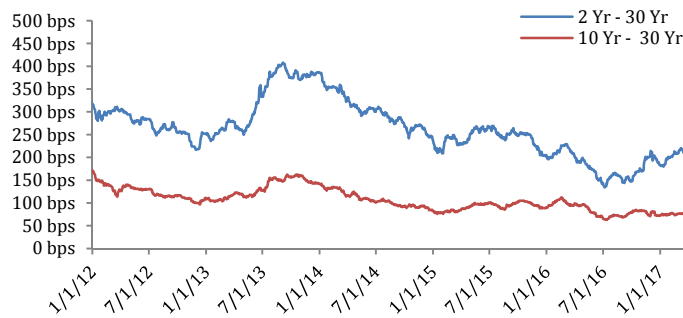
Source: TM3, U.S. Department of Treasury

## Economic Calendar

Date	Time	Event	Period	Survey	Prior
4/3/2017	9:45	Markit US Manufacturing PMI	Mar F	53.5	53.4
4/3/2017	10:00	ISM Manufacturing	Mar	57.2	57.7
4/3/2017	10:00	ISM Prices Paid	Mar	66	68
4/3/2017	10:00	ISM New Orders	Mar	--	65.1
4/3/2017	10:00	ISM Employment	Mar	--	54.2
4/3/2017	10:00	Construction Spending MoM	Feb	1.00%	-1.00%
4/3/2017		Wards Total Vehicle Sales	Mar	17.30m	17.47m
4/3/2017		Wards Domestic Vehicle Sales	Mar	13.65m	13.65m
4/4/2017	8:30	Trade Balance	Feb	-\$44.6b	-\$48.5b
4/4/2017	10:00	Factory Orders	Feb	0.90%	1.20%
4/4/2017	10:00	Factory Orders Ex Trans	Feb	--	0.30%
4/4/2017	10:00	Durable Goods Orders	Feb F	1.70%	1.70%
4/4/2017	10:00	Durables Ex Transportation	Feb F	--	0.40%
4/4/2017	10:00	Cap Goods Orders Nondef Ex Air	Feb F	--	-0.10%
4/4/2017	10:00	Cap Goods Ship Nondef Ex Air	Feb F	--	1.00%
4/5/2017	7:00	MBA Mortgage Applications	31-Mar	--	-0.80%
4/5/2017	8:15	ADP Employment Change	Mar	189k	298k
4/5/2017	9:45	Markit US Services PMI	Mar F	--	52.9
4/5/2017	9:45	Markit US Composite PMI	Mar F	--	53.2
4/5/2017	10:00	ISM Non-Manf. Composite	Mar	57	57.6
4/5/2017	14:00	FOMC Meeting Minutes	15-Mar	--	--
4/6/2017	7:30	Challenger Job Cuts YoY	Mar	--	-40.00%
4/6/2017	8:30	Initial Jobless Claims	1-Apr	250k	258k
4/6/2017	8:30	Continuing Claims	25-Mar	2027k	2052k
4/6/2017	9:45	Bloomberg Consumer Comfort	2-Apr	--	49.7
4/7/2017	8:30	Change in Nonfarm Payrolls	Mar	175k	235k
4/7/2017	8:30	Two-Month Payroll Net Revision	Mar	--	9k
4/7/2017	8:30	Change in Private Payrolls	Mar	180k	227k
4/7/2017	8:30	Change in Manufact. Payrolls	Mar	15k	28k
4/7/2017	8:30	Unemployment Rate	Mar	4.70%	4.70%
4/7/2017	8:30	Average Hourly Earnings MoM	Mar	0.30%	0.20%
4/7/2017	8:30	Average Hourly Earnings YoY	Mar	2.70%	2.80%
4/7/2017	8:30	Average Weekly Hours All Employees	Mar	34.4	34.4
4/7/2017	8:30	Labor Force Participation Rate	Mar	--	63.00%
4/7/2017	8:30	Underemployment Rate	Mar	--	9.20%
4/7/2017	10:00	Wholesale Trade Sales MoM	Feb	--	-0.10%
4/7/2017	10:00	Wholesale Inventories MoM	Feb F	0.40%	0.40%
4/7/2017	15:00	Consumer Credit	Feb	\$12.500b	\$8.794b

Source: Bloomberg L.P.

## MMD Benchmark Yield Curve Steepness Since 2012



Source: TM3

## Forward Calendar (Week of April 3<sup>rd</sup>)

Size (\$Mn)	Issuer	Bid State	Available Ratings (Mdv/S&P/Fitch/Kroll)
777.595	The Commonwealth of Massachusetts (MA)	MA	Negt. Aa1/Undef/Undef/Undef
620.000	New Jersey Health Care Facilities Financing Auth.	NJ	Negt. Undef/Undef/Undef/Undef
537.000	State Public Works Board of the State of California	CA	Negt. A1/A+/Undef/Undef
415.400	New York State Environmental Facilities Corporation	NY	Negt. Aaa/Undef/Undef/Undef
306.975	City of San Antonio	TX	Negt. Undef/AA/Undef/Undef
305.020	Massachusetts Clean Water Trust (MA)	MA	Negt. Aaa/AAA/Undef/Undef
296.000	State of Oregon (OR)	OR	Negt. Undef/Undef/Undef/Undef
288.575	City of Philadelphia (PA)	PA	Negt. A1/A+/Undef/Undef
263.000	Maryland Dept. of Hsg. and Cmnty. Dev.	MD	Negt. Aa2/Undef/Undef/Undef
207.765	San Joaquin County Transportation Authority	CA	Negt. Undef/Undef/Undef/Undef

Source: Ipreo, Bloomberg L.P.

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