

November 14, 2016

MUNICIPAL MARKET

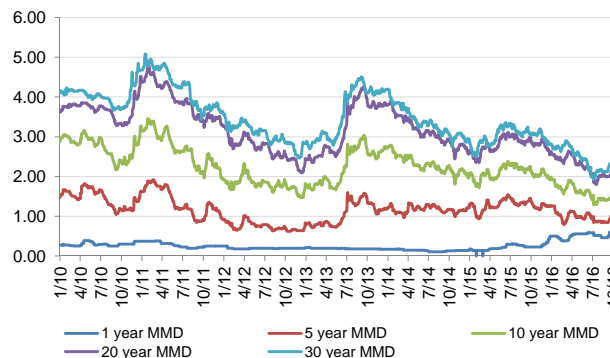
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Last week Donald Trump won the presidential election surprising markets and sending equity markets and bond yields higher. The steepening of the yield curve is telling us that markets are predicting fiscal stimulus, tax cuts, higher growth and higher inflation. There is now a 92% chance of the Fed raising interest rates at the December FOMC meeting. We have a substantial amount of economic releases this week, highlighted by retail sales, PPI, industrial production and we will also hear from Janet Yellen on Thursday. **U.S. Treasuries were higher** in yield by 38 basis points in the ten year and 37 basis points in the thirty year; while MMD was higher by 25 basis points in the ten year and 24 basis points in the thirty year. **Primary issuance is expected to be up** this week with \$12.5 billion, following last week's light calendar of \$3.6 billion. The breakdown for this week's \$12.5 billion calendar is \$9.6 billion negotiated and \$2.9 billion competitive. The largest deals of the week are: \$1 billion NY TSASC (Various Ratings), \$719 million SALTs, AZ (Aa1/AA/NR) and L.A. Airports Senior and Subs, AMT and Non-AMT (Aa3/AA/AA). **Municipal Fund Flows** returned to positive territory. Municipal bond funds reported \$62.8 million of net inflows last week, compared with the previous week's \$323 million of outflows. **In short term markets**, the SIFMA index decreased by 1 basis point to 0.55%.

KEY INTEREST RATES

	Today 11/14/2016	Last Week 11/7/2016	Last Month 10/13/2016	Last Year 11/13/2015
Federal Funds Rate	0.50	0.50	0.50	0.25
Prime Rate	3.50	3.50	3.50	3.25
LIBOR (1 month)	0.54	0.54	0.53	0.20
LIBOR (3 month)	0.91	0.89	0.88	0.36
SIFMA	0.55	0.56	0.83	0.01
SIFMA/1 M LIBOR %	101.5	104.6	155.3	5.1
B.B. 20 Bond Index	3.52	3.27	3.28	3.74
B.B. Rev. Index	3.69	3.44	3.53	4.13
30-Day Visible Supply	15.2 B	7.1 B	18.3 B	11.5 B

AAA-RATED GENERAL OBLIGATION TAX-EXEMPT RATES



GENERAL OBLIGATION TAX-EXEMPT BOND MARKETS

Year	AAA Tax-Exempt	Current Tax-Exempt Credit Spreads			1 Month Ago Tax-Exempt Credit Spreads			1 Year Ago Tax-Exempt Credit Spreads		
		AA	A	BBB	AA	A	BBB	AA	A	BBB
1	0.71	0.03	0.16	0.41	0.04	0.17	0.42	0.04	0.16	0.55
5	1.24	0.11	0.36	0.68	0.11	0.36	0.66	0.13	0.39	0.86
10	1.94	0.24	0.56	0.88	0.23	0.53	0.81	0.20	0.55	0.97
20	2.61	0.27	0.59	0.87	0.27	0.58	0.80	0.24	0.62	1.00
30	2.76	0.27	0.59	0.85	0.27	0.58	0.78	0.24	0.62	1.00

GENERAL OBLIGATION TAXABLE MARKET

Year	Treasury	AAA Taxable	65% Taxable	Spread to AAA Tax-Exempt	LIBOR	SWAP MARKET	
						70% LIBOR	SIFMA
1	0.72	0.81	0.53	-0.18	1.02	0.71	0.69
5	1.56	1.63	1.06	-0.18	1.61	1.13	1.21
10	2.15	2.57	1.67	-0.27	2.02	1.41	1.60
20	2.54	3.34	2.17	-0.44	2.30	1.61	1.94
30	2.94	3.79	2.46	-0.30	3.08	2.16	2.06

Source: (Bloomberg & Thomson Reuters)

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