

Comments:

- Last week muni volume was \$6.7 billion. This week volume is expected to be \$6.0 billion. The negotiated market is led by \$972.6 million for Presence Health Network issued by Illinois Finance Authority. The competitive market is led by \$213.0 million of Special Obligation Bonds for Miami-Dade County, Florida on Tuesday.

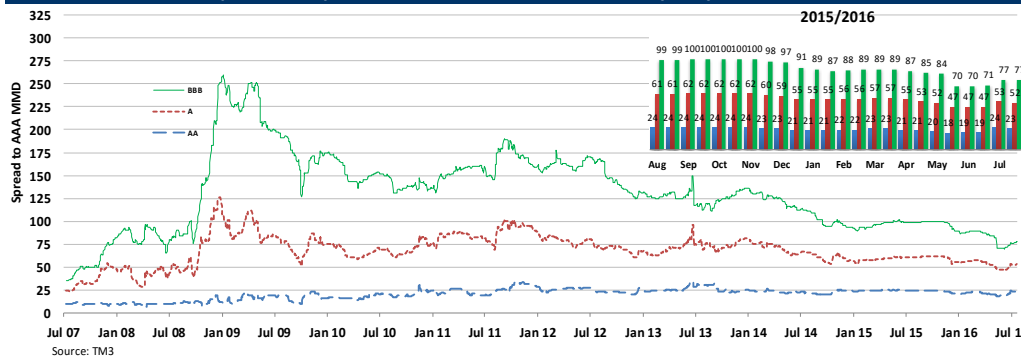
- Last week credit spreads widened 1 bp for AA, A and BBB.
- Muni bond mutual funds experienced inflows of \$1.0 billion for the week ending July 20 after inflows of \$1.2 billion the previous week. Flows have been positive for the last 42 weeks.
- From Friday to Friday, MMD yields increased 3-5 bps from 15 years and longer as the curve steepened for the second week in a row. Muni/Treasury ratios for 10 and 30 year maturities ended the week at 92.6% and 94.1%, respectively, both higher than last week as munis underperformed Treasuries.
- The 2 to 30 year spread was 156 on Friday, 5 bps steeper than the previous Friday.
- Last week munis continued to show strength in the short to intermediate areas as the yield curve steepened with long maturities off 4-5 bps on the week. Most of the factors influencing the market seemed to be international, carryover from Turkey coup and questions about future impact and ECB and BOJ holding fast and suggesting wait and see on future easing. ECB and BOJ sentiment helped to push the risk off button and hold muni and treasury rates from selling off too much. Markets concerned that lack of international focus on easing could give the Fed a chance to raise rates.....in September. Market will be watching Fed meeting this week for some sort of indication. Muni market technicals manageable with positive flows to funds and volume only \$6 billion which helps to offset the summer slowdown as desks impacted by vacations.

Selected Deals for the Week Ending 7/29/16			
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)	U/W
Negotiated			
Illinois Finance Auth, Rev (Presence Health Network)	972.58	Baa3/BBB-/BBB	JPM
California Health Facilities Finance Auth, Rev (Sutter Health)	850.56	Aa3/ /AA-	MS
Alabama Federal Aid Highway Finance Auth, Special Obligation Rev	550.00	/ /	Citi
Indiana Finance Auth, Highway Rev.	474.00	Aa1/AA+/AA+	BAML
State of Tennessee, GO (Te & Tx)	363.00	Aaa/AAA/	Citi
State of Wisconsin, GO	317.13	Aa2/AA/AA	RBC
Rhode Island Health and Educational Building Corp, (Lifespan Oblig. Grp)	266.82	/ /BBB+	MS
State of Ohio, State Infra Project Rev	217.19	Aa2/AA+/	GS
Competitive			
Tues, 7/26			
Miami-Dade County, FL, Special Obligation (2 bids)	212.99	Aa3/AA-/	'17-'46
Wed, 7/27			
State of North Carolina, GO	200.00	Aaa/AAA/AAA	'17-'36

Sources: Bond Buyer and IPREO

Mat=Mischler

Municipal Credit Spreads to MMD AAA - 30 Yr. Maturity (July 1, 2007 to Present)

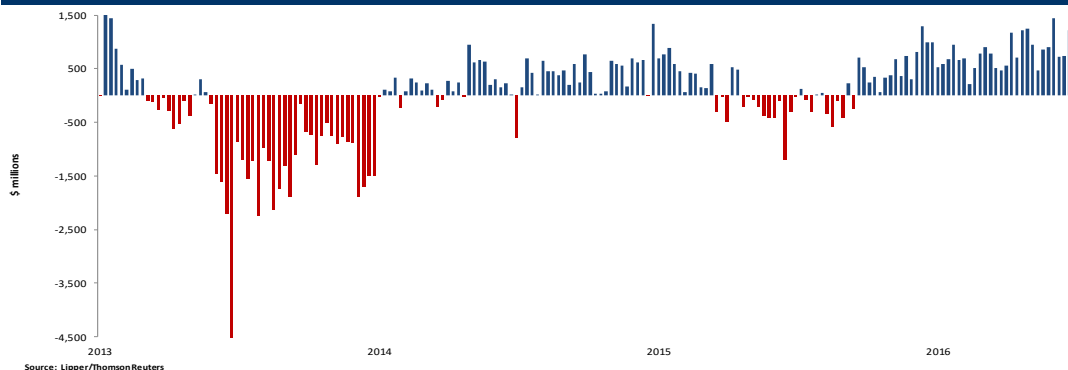


MMD Spots

Mat	22-Jul	15-Jul	Chg.	12 mo. low	12 mo. high
1	0.52	0.52	0.00	0.23	0.60
5	0.88	0.88	0.00	0.79	1.45
7	1.16	1.16	0.00	1.03	1.89
10	1.45	1.45	0.00	1.29	2.26
15	1.79	1.76	0.03	1.57	2.73
20	2.03	1.99	0.04	1.80	3.00
25	2.10	2.05	0.05	1.88	3.18
30	2.15	2.10	0.05	1.93	3.25

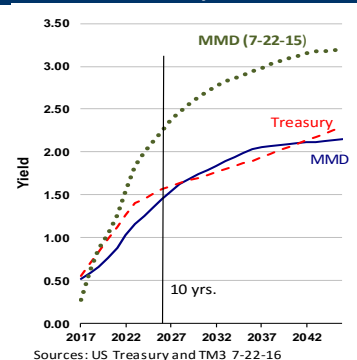
Source: TM3

Weekly Muni Bond Fund Flows (2013-Present)



Source: Lipper/ThomsonReuters

MMD vs Treasury Yield Curves



Sources: US Treasury and TM3 7-22-16

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