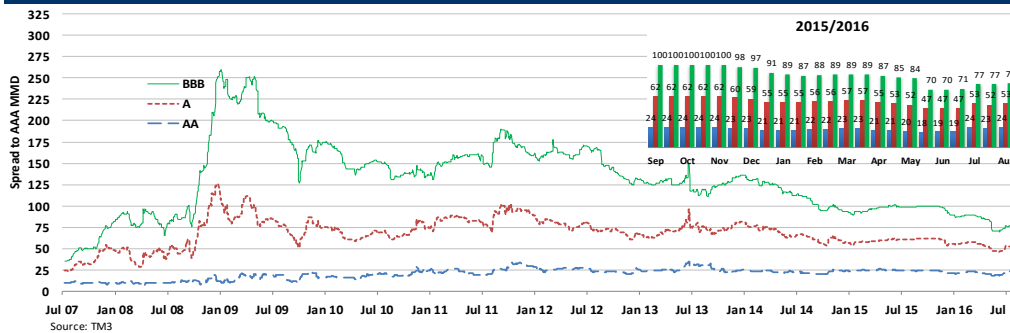


Comments:

- Last week muni volume was \$10.6 billion. This week volume is expected to be \$7.9 billion. The negotiated market is led by \$1.05 billion tax-exempt and taxable Medical Center Pooled Revenue Bonds for The Regents of the University of California. The competitive market is led by \$1.2 billion GO's for the Commonwealth of Pennsylvania on Tuesday.
- Last week credit spreads were unchanged for AA and A and tightened 3 bps for BBB.
- Muni bond mutual funds experienced inflows of \$783.9 million for the week ending August 3 after inflows of \$782.9 million the previous week. Flows have been positive for the last 44 weeks.
- From Friday to Friday, MMD yields increased 2 bps in 5 years and 4-5 bps for 7 to 30 years as the curve steepened for the fourth week in a row. Muni/Treasury ratios for 10 and 30 year maturities ended the week at 91.1% and 94.0%, respectively, both lower than the week before as munis outperformed Treasuries.
- The 2 to 30 year spread was 165 on Friday, 5 bps steeper than the previous Friday.
- Last week munis had to deal with a significant increase in volume, central banks' continued push for stimulus, oil rebounding and positive economic data in US. BOJ announced Tuesday that it would pursue fiscal stimulus (versus QE) causing selling in all markets. This followed similar ECB plans...both of which are likely to increase debt issuance. Muni deals seemed to price on the cheap side and then bump on final pricing...as much as 5-9 bps depending on the deal. Volume was highest since early June and seemed to be handled. Friday employment data was stronger than expected and put pressure on bonds. Also Atlanta Fed called for 3Q GDP at +3.8%. While the Treasury curve flattened, munis steepened on the week as the long end mover higher. This week volume is back to more normal levels, \$7.9 billion.

Selected Deals for the Week Ending 8/12/16			
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)	U/W
Negotiated			
The Regents of the Univ. of California, Med Center Pooled Rev (Te & Tx)	1,048.85	Aa3/AA-/AA-	Barclays
Utility Debt Securitization Auth, NY	500.00	Aaa/AAA/AAA	Citi
Fort Worth ISD, TX, ULT GO (PSF Gty)	374.44	Aaa/AAA/	RayJay
Johnson County USD No. 233, KS, GO	318.94	Aa2/AA/	Piper
City of Port St. Lucy, FL, Utility Rev	210.00	/A+/A+	Citi
Lake Washington School Dist. No. 414, WA, ULT GO	203.70	Aaa/AA+/	Davidson
State of Hawaii, Highway Rev	199.11	Aa2/AA+/AA	Baird
Bexar County Hosp. Dist., TX, LT GO	190.36	Aa1/AA+/AA+	Siebert
Will County, IL, GO (Alt Rev)	175.00	Aaa/AAA/	Wells
Lexington County Health Serv. Dist. Inc., SC, Rev	171.00	A1/AA-/AA+	Citi
Michigan State Housing Develop. Auth, Rental Housing (Te & Tx)	162.00	/AA/	BAML
City of Jacksonville, FL, Special Rev	149.41	Aa3/AA-/AA-	JPM
Utah Transit Auth, UT, Subordin. Sales Tax	142.13	A1/A+/AA	Wells
Lehigh County Gen'l Purpose Auth, PA, (Lehigh Valley Health Network)	136.00	A1/A/	BAML
Allegheny County Sanitary Auth, PA, Sewer Rev	115.00	A1/A/	Boenning
Elk Grove Community Facilities Dist. No. 2005-1, CA, Special Tax	114.79	NR/NR/	Piper
Competitive			
Tues, 8/9			
Commonwealth of Pennsylvania, GO	1,208.73	Aa3/AA-/AA-	'17-'36
Wed, 8/3			
Louisville/Jefferson County Sewer Dist, KY, Rev	(3 Bids) 252.03	Aa3/AA/	'17-'47
Sources: Bond Buyer and IPREO Bold=Mischler			

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

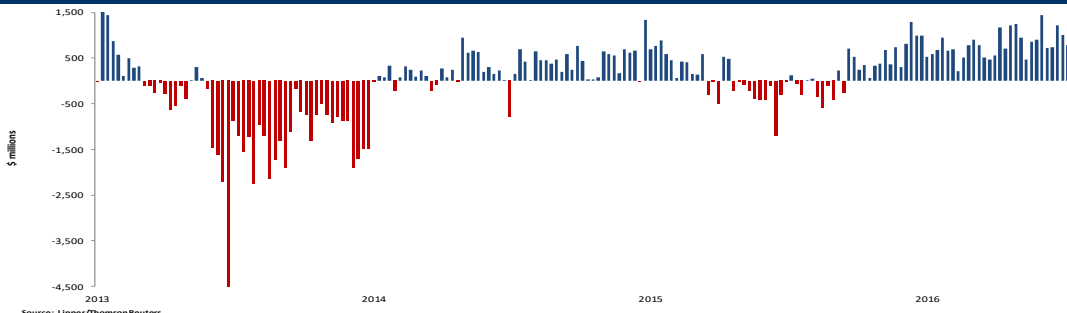


MMD Spots

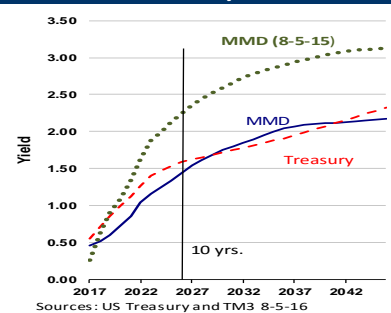
Mat	5-Aug	29-Jul	Chg.	12 mo. low	12 mo. high
1	0.46	0.46	0.00	0.23	0.60
5	0.86	0.84	0.02	0.79	1.45
7	1.16	1.11	0.05	1.03	1.89
10	1.44	1.40	0.04	1.29	2.26
15	1.80	1.75	0.05	1.57	2.73
20	2.04	2.00	0.04	1.80	3.00
25	2.12	2.07	0.05	1.88	3.18
30	2.17	2.12	0.05	1.93	3.25

Source: TM3

Weekly Muni Bond Fund Flows (2013-Present)



MMD vs Treasury Yield Curves



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