

## Comments:

- Last week muni volume was \$9.7 billion, about 2/3 of that originally projected. This short week volume is expected to be \$8.4 billion. The negotiated market is led by \$1.3 billion general obligation bonds for the State of Illinois. The competitive market is led by \$138.0 million revenue bonds for Campbell County Sanitation District, Arizona on Wednesday.
- Last week Aa, A and Baa credit spreads widened by 2 bps.
- Weekly reporting muni bond mutual funds experienced inflows of \$324.6 million for the week ending October 5 after inflows of \$664.3 million the previous week.
- From Friday to Friday, MMD yields stayed flat in 1 year and increased 8-10 bps in 5-7 years and 13-15 bps in 10 to 30 years. Muni/Treasury ratios for 10 and 30 year maturities ended the week at 94.7% and 99.3%, respectively, about the same as the week before.
- The 2 to 30 year spread was 159 on Friday, 10 bps steeper than the previous Friday as rates on the long end moved higher.
- Last week munis faced the highest volume in over two years which put pressure on muni rates. In addition, while international factors still played a role in impacting US rates, it seemed that more focus was on US economic factors and what they suggested regarding the Fed raising rates before the end of the year. While the key Friday employment report was weaker than expected and the unemployment rate unexpectedly increased to 5.0% from 4.9%, market reaction seemed to feel this report was not soft enough to take a December Fed rate rise off the table, especially since the prior month's payrolls was revised higher. Muni deals saw mixed results with some deals able to bump final prices while other had to cut yields. This week is a short week with volume higher than this year's weekly average of about \$7.9 billion.

Selected Deals for the Week Ending 10/14/16			
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)	U/W
<b>Negotiated</b>			
State of Illinois, GO	1,349.00	Baa2/BBB/BBB+	BAML
Great Lakes Water Auth, MI, Water Supply Rev, (Senior & Second Liens)	899.00	A3(Baa1)/A-(BBB+)/A(A-)	Citi
The Industrial Develop. Auth of the Co. of Maricopa, AZ, Rev (Banner Health)	766.14	NR/AA-/AA-	JPM
Duke University, NC, Corporate (Tx)	530.12	Aa1/AA+/NR	JPM
State of California Dept of Water Resources, Central Valley Proj Water Sys Rev	470.20	Aa1//	MS
Cypress-Fairbanks ISD, TX, ULT GO (PSF Gty)	426.76	Aaa/AAA/	RayJay
Great Lakes Water Auth, MI, Sewage Disposal Rev, (Senior & Second Liens)	416.00	A3(Baa1)/A-(BBB+)/A(A-)	Citi
Long Island Power Auth, NY, Electric Rev	407.78	A3/A-/A-	GS
The Charlotte-Mecklenburg Hosp. Auth., NC, (Carolinas Healthcare)	381.00	Aa3/AA-/	BAML
City of Indianapolis, IN, Water Rev (1st Lien)	223.53	//	MS
City of Philadelphia, PA, Water & Wastewater Rev	192.59	A1/A/A+	JPM
Leander ISD, Tx, ULT GO	190.51	/AAA/	GS
Los Angeles Co. Sanitation Dist Financing Auth, CA, Rev (Green)	164.00	/A+/AA-	BAML
<b>Dormitory Auth of the State of New York, Dept of Health, Rev</b>	<b>142.98</b>	<b>NR/AA/AA</b>	<b>Loop</b>
Victoria ISD, TX, ULT GO (PSF Gty)	119.00	Aa2/AAA/AA-	Citi
The Health, Educational and Housing Facility Board of the Co. of Knox, TN, Rev	105.00	//	MS
Electrical Dist No. 3 of Pinal Co., AZ, Electric Rev	100.00	/A/	BAML
<b>Competitive</b>			
<b>Wed, 10/12</b>			
Campbell Co. Sanitation Dist #1, KY Rev	138.02	Aa3/AA/	'17-'37
Sources: Bond Buyer and IPREO			

