

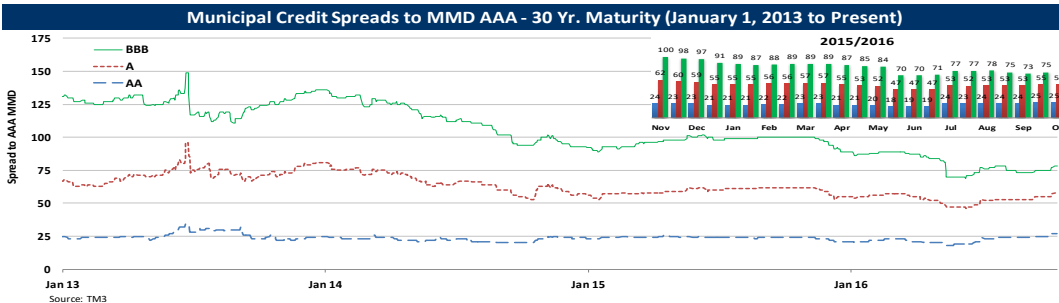
Comments:

- Last week muni volume was about \$9.0 billion. This week volume is expected to be \$15.4 billion. The negotiated market is led by \$1.0 billion of tax-exempt and taxable bonds for New Jersey Healthcare Financing Authority for Robert Woods Johnson Barnabas Health. The competitive market is led by \$1.6 billion general obligation bonds for the State of California in 3 bids on Tuesday.
- Last week credit spreads for Aa was unchanged and for A and Baa widened 1 bp.
- Weekly reporting muni bond mutual funds experienced inflows of \$147.3 million for the week ending October 12 after inflows of \$324.6 million the previous week. 2 month moving average is \$601.4 million.
- From Friday to Friday, MMD yields stayed flat in 1 year and increased 3-7 bps in 5-10 years and 10-11 bps in 15 to 30 years. Muni/Treasury ratios for 10 and 30 year maturities ended the week at 95.6% and 100.2%, respectively, an increase from the week before.
- The 2 to 30 year spread was 168 on Friday, 9 bps steeper than the previous Friday. The curve has steepened 19 bps since the beginning of October.
- Last week munis trended higher in rate in the face of higher than average volume and the projected highest volume so far this year for this week. Influences were the growing sentiment that central banks may be backing off accommodative policies, including Yellen's Friday statement that a longer period of accommodation can be damaging. Risk off hit on Thursday after weak China growth, but switched to risk on based on increased China inflation on Friday. Significant volume and the slowdown in flows to bond funds are concerns for munis. If bond fund flows shrink or become negative, munis are likely to feel pressure on rates (high yield fund flows have been negative for the last two weeks).

Selected Deals for the Week Ending 10/21/16			
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)	U/W
Negotiated			
New Jersey Healthcare Financing Auth, (Robert Woods Johnson Barnabas Health) (Te & Tx)	1,000.00	A1/A+	Citi
The School District of Philadelphia, PA, GO (Te & Tx)	817.00	A2/ /A+	BAML
Commonwealth Financing Auth, PA, Rev	758.81	A1/A+/A+	MS
State of Connecticut, GO (Green)	650.00	Aa3/AA-/AA-	Wells
Metropolitan Transportation Auth, NY, Transp. Rev	627.00	A1/AA-/A/AA+	Jefferies
San Diego Community College Dist, CA, GO	612.00	Aaa/ /	Citi
Texas Transportation Commission, State of TX Highway GO	600.00	Aaa/AAA/AAA	Wells
State Public School Building Auth, PA (School Dist of Phila.) (St. Intercept & Non-Intercept)	561.00	A2(Baa3)/ /A+(BB-)	BAML
North Carolina Capital Facilities Finance Agency, Rev (Duke Univ.)	319.50	Aa1/AA+/NR	JPM
State of Oregon, Oregon Facilities Auth, Rev (Legacy Health)	280.00	A1/AA-/	Citi
UAB Medicine Finance Auth, AL, (University Hospital)	273.00	A1/AA-/	BAML
University of Washington, Rev (Tx)	202.00	Aaa/AA+/	BAML
North Carolina Housing Finance Agency, Home Ownership (AMT & Non-AMT)	191.75	Aa2/AA/NR	RBC
Public Hospital Dist No. 1 of King Co, WA, LTGO (Valley Medical Center)	189.65	/ /	MS
Iowa Student Loan Liquidity Corp. Student Loan Rev (Tx)	188.75	/A/A	RBC
Pennsylvania Turnpike Commission, Subord. Rev	186.34	A3/NR/A-	Loop
Illinois Finance Auth, (The Univ. of Chicago Medical Center)	175.12	Aa3/AA-/AA-	JPM
Nebraska Public Power Dist, Rev (Te & Tx)	169.89	/ /	MS
Norman Regional Hospital Auth, OK, (Norman Regional Hosp. Auth Grp)	157.69	Baa1/BBB+/	Wells
Dallas County Utility & Reclamation Dist, TX, ULT GO	155.75	/ /	Barclays
Twin Rivers USD, CA, GO	141.00	A1/A+	Stifel
City of Tampa, FL, (H Lee Moffitt Cancer Center) Cigarette Tax & Hospital Rev	137.00	A1(A3)/A+/A-/	JPM
State Board of Regents of the State of Utah, Rev (Univ of Utah)	131.10	Aa1/ /	MS
Glen Cove Local Economic Assistance Corp, NY (Garvies Point Pub. Improve. Proj)	126.00	NR/NR/NR	Citi
Competitive			
Tues, 10/18			
State of California, GO (3 bids)	1,645.76	Aa3/AA-/AA-	'17-'33
Louisville/Jefferson Co. Sewer Dist, KY, Bond Anticipation Notes	226.34	/ /	'17
Suffolk Co. Water Auth, NY, Water Rev (3 bids)	174.78	/ /AAA	'17-'42
Wake County, NC, GO	162.22	Aaa/AAA/AAA	'17-'26
Suffolk County, Tax Anticipation Notes	100.00	/ / F1	'17
Wed, 10/19			
State of Georgia, GO, (2 bids)	881.03	Aaa/AAA/AAA	'19-'29
Triboro Bridge & Tunnel Auth, NY, Gen'l Rev	108.80	Aa3/AA-/AA-/AA	'21
Thurs, 10/20			
Commonwealth of Virginia, GO, (2 bids)	184.86	Aaa/AAA/AAA	'17-'36

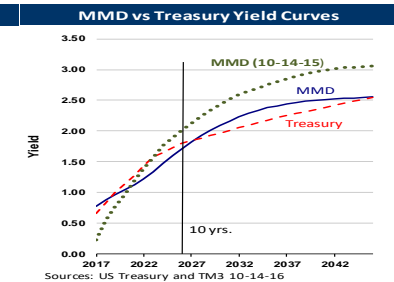
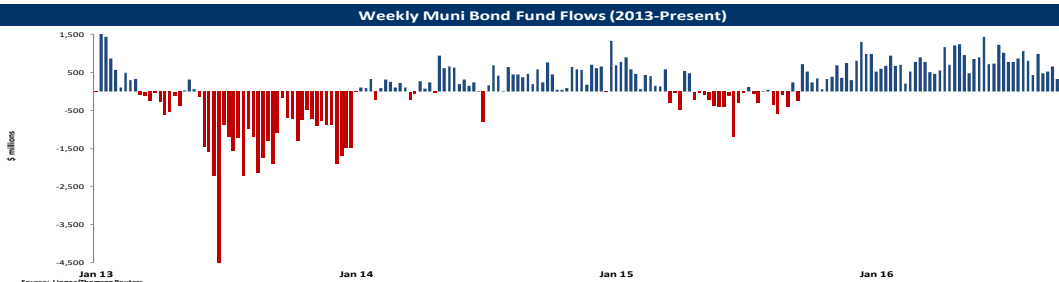
Sources: Bond Buyer and IPREO

Bold=Mischler



MMD Spots					
Mat	14-Oct	7-Oct	Chg.	12 mo. low	12 mo. high
1	0.78	0.78	0.00	0.23	0.78
5	1.13	1.10	0.03	0.79	1.32
7	1.34	1.29	0.05	1.03	1.73
10	1.71	1.64	0.07	1.29	2.19
15	2.16	2.06	0.10	1.57	2.67
20	2.41	2.30	0.11	1.80	2.95
25	2.51	2.40	0.11	1.88	3.13
30	2.56	2.45	0.11	1.93	3.20

Source: TM3



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