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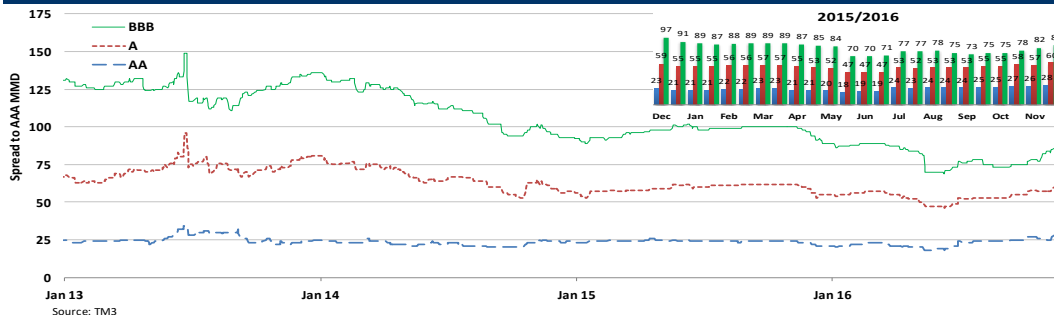
- Last week muni volume was about \$6.0 billion, compared to a projected \$11.5 billion as lots of deals were postponed and scheduled day-to-day. There is almost \$4.0 billion on The Bond Buyer's day-to-day calendar. This holiday shortened week volume is expected to be \$1.0 billion. The negotiated market is led by \$173.5 million for The Metropolitan District, Hartford County, Connecticut. The competitive market does not have any sales over \$100.0 million.
- Last week credit spreads widened 1 bp for Aa and A and 3 bps for Baa.
- Weekly reporting muni bond mutual funds reported an outflow of \$3,011.6 million for the week ending November 16 after an inflow of \$62.8 million for the week before. Last week's outflow was the largest since the \$4,533.0 million outflow reported for the week ending June 26, 2013 during the "taper tantrum".
- From Friday to Friday, MMD yields increased 16 bps in 1 year, 30 and 32 bps in 5 and 10 years and 27-28 bps in 7 and 15 to 30 years. All of these maturities set latest twelve month highs last Friday. Muni/Treasury ratios for 10 and 30 year MMD maturities ended the week at 96.9% and 100.5%, respectively, an increase from the week before.
- The 2 to 30 year MMD spread was 198 on Friday, 9 bps steeper than the previous Friday. The curve has steepened 27 bps since Nov 1.
- Last week munis continued to feel the pressure from Trump's win in connection with stimulus and potential deficits and especially potential tax cuts. The week started out with bid lists totaling some \$1.5 billion as bond funds liquidated. Additional concerns centered on possible trade wars that could increase inflation and cause the Fed to respond with additional rate increases. While many of the \$11.5 billion in deals were postponed or day-to-day, several deals did price last week with hefty concessions to recent levels. Several of the new issues were able to bump final pricing by 1-4 bps. The short end seemed under more pressure than intermediate and longer maturities. Yellen's testimony on Thursday suggested that a December hike was likely in order to normalize rates at a gradual pace. While muni rates continued to increase throughout the week, some of the early deals priced last week saw spreads tighten some by the end of the week. US\$ strengthening caused some foreign liquidation anticipating foreign central bank intervention. Muni/Treasury ratios have gotten back to the 100+ level for 30 year maturities and are likely to reach this level for 10 years soon. This could bring cross-over buyers into the muni market which should help through mid-December and possibly early January.

Selected Deals for the Week Ending 11/25/16				
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)	U/W	
Negotiated				
The Metropolitan District, Hartford County, CT, GO	173.50	Aa2/ /	MS	
Day-to-Day				
TSASC, Inc., NY Tobacco Settlement Revenue (Senior & Subordinate)	1,024.39	/A,A-,BBB+(BBB)/	Jefferies	
State of Mississippi, GO	223.63	/AA/AA	MS	
Public Hospital Dist. No. 1 of King County, WA (Valley Med Ctr) LTGO	186.72	/ /	MS	
Montgomery County, TX, ULT and LT GO	141.43	Aaa/AA+	Wells	
Competitive				
			Mat	

Sources: Bond Buyer and IPREO

Bold=Mischler

Municipal Credit Spreads to MMD AAA - 30 Yr. Maturity (January 1, 2013 to Present)

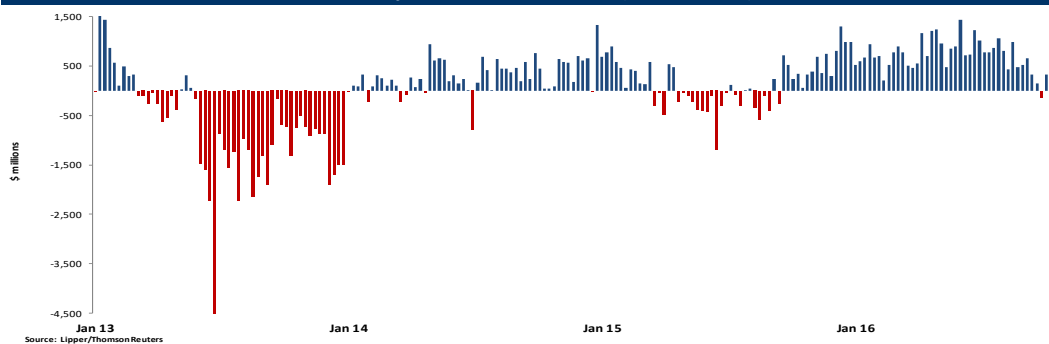


MMD Spots

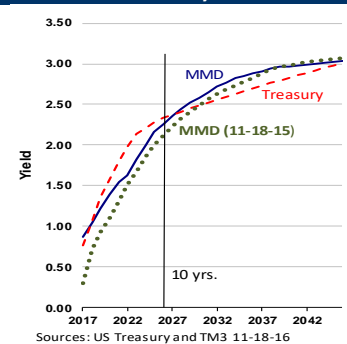
Mat	18-Nov	10-Nov	Chg.	12 mo. low	12 mo. high
1	0.87	0.71	0.16	0.30	0.87
5	1.54	1.24	0.30	0.79	1.54
7	1.82	1.55	0.27	1.03	1.82
10	2.26	1.94	0.32	1.29	2.26
15	2.65	2.37	0.28	1.57	2.65
20	2.88	2.61	0.27	1.80	2.88
25	2.98	2.71	0.27	1.88	2.98
30	3.03	2.76	0.27	1.93	3.03

Source: TM3

Weekly Muni Bond Fund Flows (2013-Present)



MMD vs Treasury Yield Curves



Sources: US Treasury and TM3 11-18-16

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