

Comments:

- Last week muni volume was about \$7.0 billion. This holiday shortened week volume is expected to be \$3.9 billion. The negotiated market is led by \$595.7 million tax-exempt and taxable Subordinate Motor Vehicle Surcharge bonds for New Jersey Economic Development Authority. The competitive market has only one issuer selling more than \$100 million, \$128.8 million for Pennsylvania Higher Educational Facilities Authority in 3 bids on Wednesday.
- Last Friday credit spreads were unchanged for AA, A and BBB compared with the previous Friday.
- Weekly reporting muni bond mutual funds reported an inflow of \$344.5 million for the week ending August 30 after an inflow of \$750.5 million for the week before. The eight week moving average was positive \$363.2 million.
- From Friday to Friday, MMD yields decreased 1 bp in 1 and 5 years, were unchanged in 7 and 10 years and decreased 2 bps in 15 to 30 years. Muni/Treasury ratios for 10 and 30 year MMD maturities ended the week at 87.2% and 97.9%, respectively, still well below their 5 and 10 year averages.
- The 2 to 30 year MMD spread was 186 bps on Friday, 1 bp flatter than the previous Friday. Since the beginning of March this spread has flattened by 34 bps.
- Last week munis managed an early week flurry of negotiated deals led by \$2.5B California general obligation bonds. Pricing ran into N. Korea missile launch on final pricing on Tuesday and priced at concessions to latest trading but tightened up later in week. Other new issues able to bump final pricing on Tuesday. Latter part of week pretty much devoid of new issues with secondary reacting to variety of economic data (ADP 237 vs 183 exp.; 2Q GDP +3% vs +2.5%; PCE yoy 1.4% vs 1.5% previous and August employment 156 vs 180 exp with July down 20 from previous report.). Munis looking ahead to this week with light volume expected. Market will watch ECB meeting to see whether Draghi announces any plans for tapering QE.

Selected Deals for the Week Ending 9/8/17				
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)		
Negotiated				
New Jersey Econom. Develop Auth, Mtr Veh Surchrg, Subord. (Te & Tx) (BAM /AA/)	595.72	Baa2/BBB+/	MS	
City & County of Honolulu, HI, Rail Transit Floating Rate GO	350.00	Aa1/ /AA+	BAML	
Board of Regents of the University of Texas, UT Financing Sys Rev (Tx)	350.00	Aaa/AAA/AAA	GS	
Marin Healthcare Dist, CA, GO (Te & Tx)	224.00	Aa2/ /AAA	MS	
Ohio Housing Finance Agy, Residential Mortgage	100.00	Aaa/ /	Citi	
Competitive				
Wed, 9/6				
Pennsylvania Higher Educational Facilities Auth, Rev (3 bids) (Te & Tx)	128.79	Aa3/ /AA-	'18-'42	
Sources: Bond Buyer and IPREO		Bold-Mischler		

