

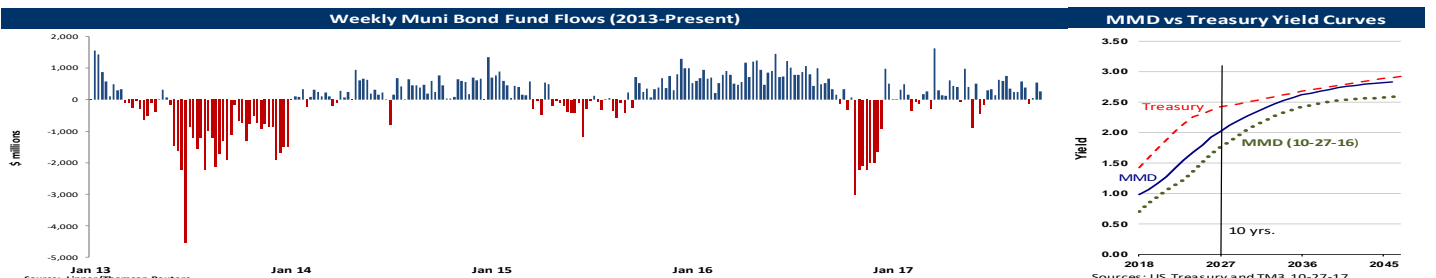
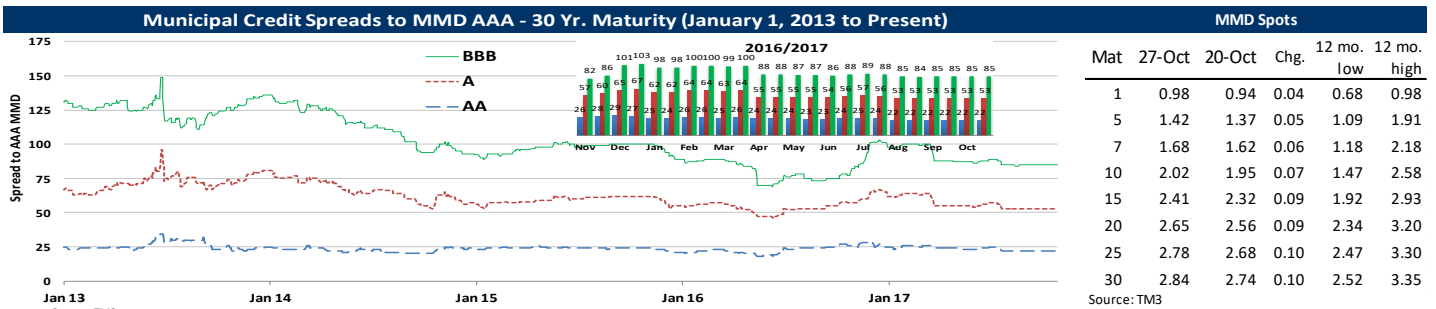
Comments:

- Last week muni volume was about \$10.2 billion. This week volume is expected to be \$6.7 billion. The negotiated market is led by \$737.0 million P3 private activity bonds for Virginia Small Business Financing Authority. The competitive market is led by \$684.3 million general obligation bonds for Montgomery County, Maryland in 4 bids on Tuesday.
- Last Friday credit spreads were unchanged for AA, A and BBB compared with the previous Friday. Credit spreads have been virtually unchanged for about 14 weeks and moved within a 3 bps range since mid-March 2017.
- Weekly reporting muni bond mutual funds reported an inflow of \$262.0 million for the week ending October 25 after an inflow of \$536.2 million for the week before. The eight week moving average was positive \$268.2 million.
- From Friday to Friday, MMD yields increased 4-5 bps in 1 to 5 years, 6-7 bps in 7 to 10 years and 9-10 bps in 15 to 30 years. Muni/Treasury ratios for 10 and 30 year MMD maturities ended the week at 83.2% and 96.7%, respectively, an increase of 1.3 ratios in 10 years and 2.0 ratios in 30 years from the week before.
- The 2 to 30 year MMD spread was 178 bps on Friday, 6 bps steeper than the previous Friday. Since the beginning of March this spread has flattened by 42 bps almost entirely due to lower 30 year rates.
- Last week munis saw the second week of \$10 billion supply. Economic data was stronger than expected mid-week, PMI, durable goods, new home sales (up 18.9% largest 1 month increase since 1992) and 3Q GDP which pressured bonds. On Friday, PCE inflation (only 1.3%), Catalonia and Trump leaning towards Powell for Fed Chair seemed to provide some positive sentiment for bonds. Deal of the week was \$4.5 billion State of Illinois GO's which priced on Wednesday with final spreads +138 in 2020, +182 in 2024 and 2025 and +166 in 2028. Many of the other new issues were able to bump final pricings in spite of stronger economic data mid-week. This week's volume is manageable and flows positive for bond funds.

| Selected Deals for the Week Ending 11/3/17 | | | |
|---|-------------|--------------------------|---------|
| Issuer | Par (\$mil) | Ratings (M/S&P/F/K) | |
| Negotiated | | | |
| Virginia Small Business Financing Auth, PAB Rev (Te) (Transform 66- P3) | 737.00 | Baa3/ /BBB | BAML |
| City of Phoenix Civic Improve. Corp, AZ, Sr. Airport Rev (Te, AMT & Tx) | 401.00 | Aa3/AA- | Citi |
| Pennsylvania Turnpike Commission, Subordinate Rev & Motor License Fund | 346.72 | A3(A2)/ /A-(AA-)/A+(AA-) | Siebert |
| Massachusetts Development Finance Agy, Rev ((The Broad Institute) | 234.39 | Aa3/AA- | MS |
| Mayor & City Council of Baltimore, MD, (Tx) | 227.00 | Aa2/AA- | BAML |
| San Diego Association of Gov'ts, CA, Toll Rev (South Bay Expressway) | 204.51 | NR/A/A- | JPM |
| City of Columbus, OH, ULT GO | 188.00 | Aaa/AAA/AAA | BAML |
| County of Guilford, NC, GO | 178.64 | Aaa/AAA/AAA | Wells |
| Connecticut Housing Finance Auth, Housing Mortgage Finance (Te & AMT) | 128.98 | Aaa/AAA/ | RBC |
| San Marcos USD (San Diego Co.), CA, GO | 120.26 | Aa3/AA- | RBC |
| Maryland Health & Higher Educational Facilities Auth, Rev (Lifebridge Health) | 119.00 | A1/A+ | BAML |
| School Board of Hillsborough Co., FL, Master Lease Program | 113.87 | Aa2/AA-/AA | JPM |
| Competitive | | | |
| Tue, 10/31 | | | |
| Montgomery County, MD, GO (4 bids) | 684.31 | Aaa/ /AAA | '18-'31 |
| Wed, 11/1 | | | |
| Charleston County SD, SC, GO Bonds & BANs (2 bids) (State School Intercept) | 143.37 | Aa1(MIG1)/ / | '18 |
| Commonwealth of Massachusetts, Fed Highway GANs (Accel Bridge Prog) | 142.64 | Aa2/AAA/ | '21-'27 |
| Williamson Co., TN, GO (2 bids) | 125.00 | Aaa/ / | '21-'38 |
| Spokane SD No. 81, WA, ULT GO (3 bids) (State School Credit Enhancement Prog) | 104.05 | Aa1/AA+ / | '18-'35 |
| Thur, 11/2 | | | |
| County of Santa Clara, CA, GO (Tx) | 250.00 | /AAA/AA+ | |
| School Dist. No. 7 of Spartanburg Co., SC, GO BANs | 141.25 | | '18 |

Sources: Bond Buyer and IPREO

Bold=Mischler



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