

Comments:

- Last week muni volume was about \$5.3 billion. This holiday shortened week volume is expected to be \$3.6 billion. The negotiated market is led by \$281.0 million of tax-exempt, taxable and AMT bonds for the Alabama State Port Authority. The competitive market is led by \$225.0 million GO's for the State of Delaware on Thursday.
- Last week credit spreads were unchanged from the week before.
- Weekly reporting muni bond mutual funds reported an inflow of \$480.1 million for the week ending February 15 after an inflow of \$304.2 million for the week before. The eight week moving average is *negative* \$32.2 million.
- From Friday to Friday, MMD yields were unchanged in 1 year, increased 4 bps in 5 years, 7 bps in 7 to 10 years and 4 bps in 15 to 30 years. Muni/Treasury ratios for 10 and 30 year MMD maturities ended the week at 97.9% and 102.8%, respectively, higher than last week.
- The 2 to 30 year MMD spread was 208 on Friday, 3 bps steeper than the previous Friday. Since the beginning of 2017 the curve has steepened by 26 bps.
- Last week munis started out the week focused on Yellen's congressional testimony with risk-on gaining from expectations of a March rate hike and the impact of Trump's deregulation, tax cuts, fiscal spending and inflation. Testimony on Tuesday with hawkish tone and suggestion of March rate hike continued to put pressure on rates. Muni deals saw a combination of bumps and cuts in final pricing. Munis picked up on Thursday as the market became more driven by buyers than sellers. The week ended with stocks off after Thursday's Trump press conference and flight to quality sentiment coming from Le Pen gains in French elections and possible impact on the euro. Muni ratios have risen the last couple of weeks as Treasuries seem to have held on better than munis, particularly from 10 years and out.

Selected Deals for the Week Ending 2/24/17			
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)	U/W
Negotiated			
Alabama State Port Authority, Dock Facilities Rev (Te, Tx & AMT)	281.00	/AA/	Citi
California Educational Facilities Authority, (Loma Linda Univ.) (Te & Tx)	184.00	Baa1/A/	Citi
Michigan State Hospital Finance Authority, (Ascension Health Sr. Credit)	178.52	Aa2/AA+/AA+	JPM
San Juan USD, CA, GO	173.00	Aa2//	Key Bank
Million Air Two LLC Gen'l Aviation Facil. Proj. (Westchester), NY & WI	145.00	NR/NR/	Citi
Tennessee Housing Development Agency, Residential Finance	100.00	Aa1/AA+/NR	RBC
Competitive			
Tue, 2/21			
Forsyth County, NC, GO (2 bids)	129.30	Aaa/AAA/AAA`	'18-'37
Thur, 2/23			
State of Delaware, GO	225.00	Aaa/AAA/AAA	'18-'37
Miami-Dade County, FL, Rev	176.93	/AA/AA	
Port of Seattle, WA, GO	128.94	Aaa/AAA/AA-	'18-'42
Lancaster County SD, SC, GO	125.00	Aa1/AA/	'18-'36

Sources: Bond Buyer and IPREO Bold=Mischler

