

Comments:

- Last week muni volume was about \$6.0 billion. This holiday shortened week volume is expected to shrink to \$268.6 million. There are no bond issues over \$77 million scheduled in the negotiated or competitive market this week.
- Last Friday credit spreads for AA, A and BBB widened 1 bp compared with the previous Friday.
- Weekly reporting muni bond mutual funds reported an inflow of \$496.4 million for the week ending June 28 after an **outflow of \$890.6 million** for the week before. The eight week moving average was positive \$295.2 million.
- From Friday to Friday, MMD yields increased 8 bps in 1 year, 11 to 13 bps in 5 to 15 years and 10 bps in 20 to 30 years. Muni/Treasury ratios for 10 and 30 year MMD maturities ended the week at 86.5% and 98.2%, respectively, slightly lower than the previous Friday.
- The 2 to 30 year MMD spread was 173 on Friday, the same as the previous Friday. Since the beginning of March this spread has flattened by 47 bps.
- Last week munis started out the week on a positive note influenced mostly by weak durable goods on Monday (-1.1% vs -0.6 expected with core -0.2 vs +0.3 expected). Market turned on Tuesday after Draghi mentioned "reflation" and "growth above trend" which sent euro bonds higher in yield and carried over to US markets. This hawkish sense was also the tone of BOE Governor Carney's comments on Wednesday suggesting "some removal of monetary stimulus". DASNY cut rates 3 to 7 bps from retail (Tuesday) to final pricing (Wednesday) to keep up with the MMD that saw cuts of 5-8 bps on Tuesday and Wednesday. Fed rate hike before year-end probability hit 55%, the highest in two months. Positive economic news and hawkish talk pushed rates higher on Thursday. This sentiment continued on Friday with more positive economic news (Chicago PMI 65.7 vs 59.4 expected, U. of Michigan Consumer Sentiment 95.1 vs 94.5, stronger German retail sales and French consumer spending). This week has virtually no activity with an early close on Monday and the July 4th Holiday on Tuesday. Fed minutes on Wednesday and Employment on Friday are likely to be the focus for this week.

Selected Deals for the Week Ending 7/7/17		
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)
Negotiated		
		U/W

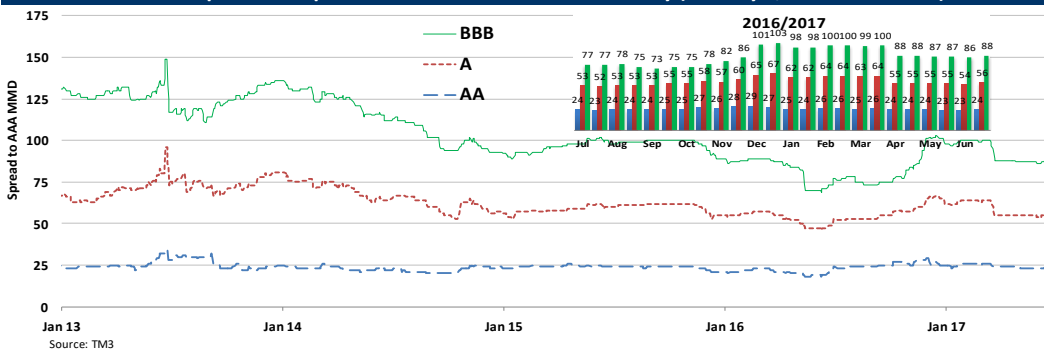
Happy July 4th

Competitive	Mat
-------------	-----

Sources: Bond Buyer and IPREO

Bold=Mischler

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

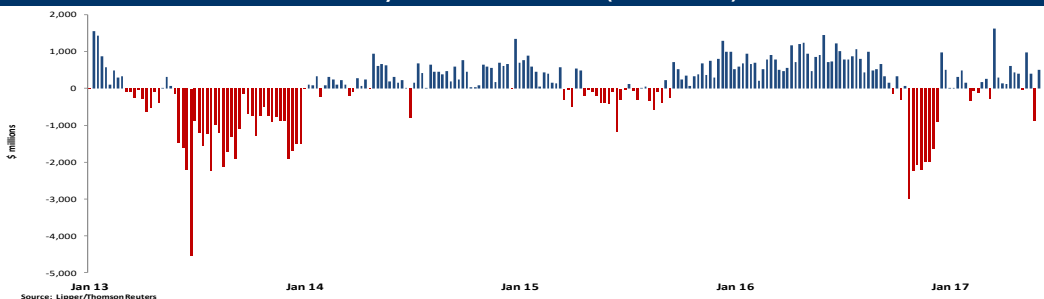


MMD Spots

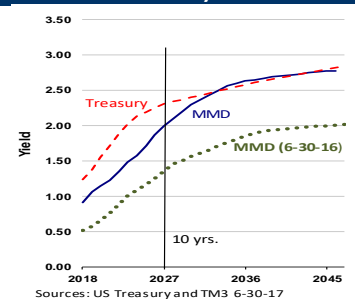
Mat	30-Jun	23-Jun	Chg.	12 mo. low	12 mo. high
1	0.91	0.83	0.08	0.46	0.98
5	1.35	1.24	0.11	0.84	1.91
7	1.58	1.46	0.12	1.03	2.18
10	1.99	1.86	0.13	1.29	2.58
15	2.44	2.31	0.13	1.57	2.93
20	2.65	2.55	0.10	1.80	3.20
25	2.73	2.63	0.10	1.88	3.30
30	2.79	2.69	0.10	1.93	3.35

Source: TM3

Weekly Muni Bond Fund Flows (2013-Present)



MMD vs Treasury Yield Curves



Disclaimer – Mischler Financial Group, Inc. has obtained this information from sources considered to be reliable, but does not guarantee its accuracy and/or completeness. Neither the information nor any opinions expressed constitute a solicitation for the purchase or sale of any security referred to herein.