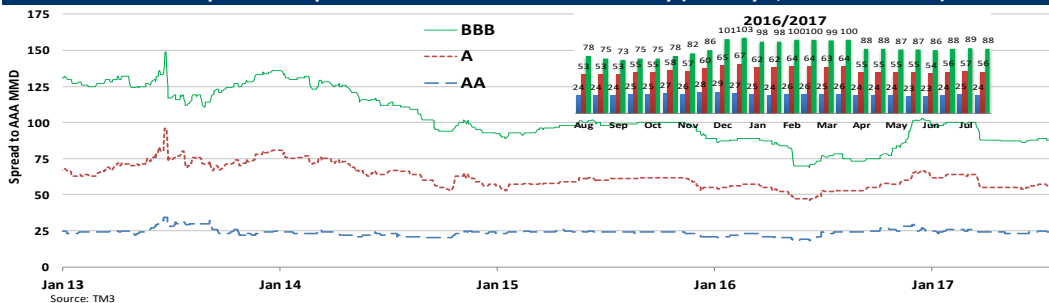


Comments:

- Last week muni volume was about \$4.2 billion. This week volume is expected to be \$7.2 billion. The negotiated market is led by \$1.1 billion senior and subordinate bonds for the Bay Area Toll Authority, California. The competitive market is led by \$388.9 million tax-exempt and taxable general obligation bonds for Portland Public School District #1J, Oregon on Thursday. Commonwealth of Massachusetts is selling \$1.5 billion GO RANs at competitive sale 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 \$323.0 million for the week ending July 26 after an inflow of \$298.6 million for the week before. The eight week moving average was positive \$122.1 million.
- From Friday to Friday, MMD yields were unchanged in 1 to 5 years and increased 3 to 5 bps in 10 to 30 years. Muni/Treasury ratios for 10 and 30 year MMD maturities ended the week at 85.3% and 94.7%, respectively, lower than the previous Friday and well below their 5 and 10 year averages.
- The 2 to 30 year MMD spread was 180 on Friday, 5 bps steeper than the previous Friday. Since the beginning of March this spread has flattened by 40 bps.
- Last week munis began the week holding a positive tone in spite of the taxable market fading in light of a large corporate calendar and Treasury auctions (\$30 billion 2, 5 & 7 year). However, in spite of light volume munis were unable to maintain positive tone and sold off on Tuesday and the rest of the week. Muni volume for this week is back to more normal levels and the municipal/treasury ratios are very low causing buyers to be less aggressive. FOMC meeting produced no new news with Fed Funds rate unchanged and continued rollover of maturing QE portfolio. Fed continues to see current inflation as transitory, i.e. 2% still looked for in the future. Market will be watching the muni reaction to the higher volume and low ratios.

Selected Deals for the Week Ending 8/4/17			
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)	U/W
Negotiated			
Bay Area Toll Authority, CA, Senior & Subordinate Revenue	1,100.00	Aa3(A1)/AA(AA-)/AA	BAML
Washington Metropolitan Area Transit Auth, Gross Rev	496.50	/AA-/AA-	Wells
City of Austin, TX, Water & Wastewater Rev	313.54	Aa2/AA/AA-	GS
New Jersey Health Care Facilities Financing Auth, Rev (Inspira Health)	265.00	A2/NR/A	JPM
State of North Carolina, Grant Anticipation Revenue Vehicle	222.46	A2/AA/A+	BAML
City of Orlando, FL, Tourist Development Tax Rev (Sr & 2nd Lien) (AGM Insured)	221.23	A2/AA/ /AA+	JPM
California Health Facilities Financing Auth, Rev, (Lucile Salter Packard Children's)	200.00	/A+/AA-	MS
The Turnpike Authority of Kentucky, Rev	170.88	Aa3/AA-/	MS
State of Calif. Dept of Water Resources, Central Valley Proj. Water Sys (Indexed)	149.25	Aa1/AAA/NR	JPM
Philadelphia Authority for Industrial Development, PA, Senior Living (Wesley)	126.62	/ /BB	RBC
Illinois Finance Auth, Rev (Rosalind Franklin Univ) (Te & Tx)	113.00	/BBB+/BBB+	BAML
State of Calif. Dept of Water Resources, Central Valley Proj. Water Sys (Indexed)	109.28	Aa1/AAA/	Loop
San Antonio, TX, GO,	101.14	Aaa/AAA/	Piper
Competitive			
Mat			
Tue, 8/1			
Regional Transportation Auth, IL, GO	188.38	/AA/AA	'19-'35
City of Oakland, CA, GO (Te & Tx) (2 bids)	116.08	Aa2/AA/	'18-'47
Wed, 8/2			
Commonwealth of Massachusetts, GO RANs (3 bids)	1,500.00	MIG1/SP-1+/F1+	'18
Fort Mill SD #4 of York County, SC, GO	119.08	Aa2/AA/	'18-'36
Thur, 7/20			
Portland Public School Dist. #1J, OR, GO (2 bids) (Te & Tx)	388.85	Aa1/AA+/	'18-'44
Metropolitan Atlanta Rapid Transit Auth, GA, Sales Tax	252.84	Aa2/AA+/	'18-'39
State of South Carolina, GO (2 bids) (Clemson Univ & Univ of SC)	157.18	Aaa/AA+/AAA	'18-'37
Sources: Bond Buyer and IPREO		Bold=Mischler	

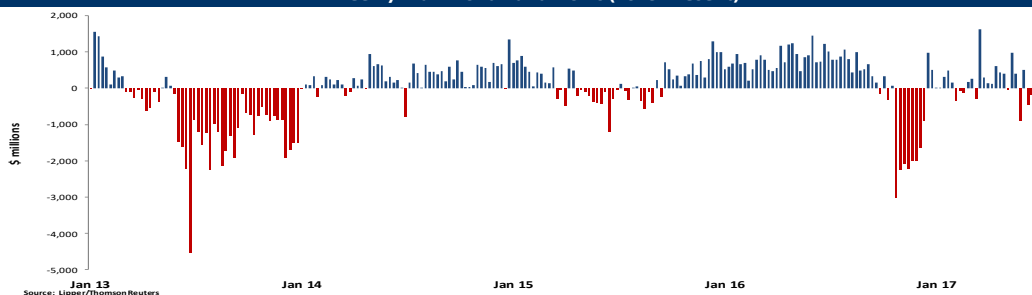
Municipal Credit Spreads to MMD AAA - 30 Yr. Maturity (January 1, 2013 to Present)



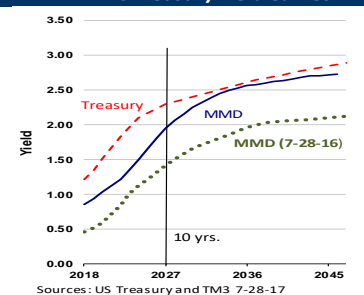
Mat	MMD Spots				
	28-Jul	21-Jul	Chg.	12 mo. low	12 mo. high
1	0.85	0.85	0.00	0.46	0.98
5	1.21	1.21	0.00	0.84	1.91
7	1.50	1.47	0.03	1.11	2.18
10	1.95	1.90	0.05	1.40	2.58
15	2.39	2.34	0.05	1.75	2.93
20	2.58	2.54	0.04	1.99	3.20
25	2.68	2.64	0.04	2.06	3.30
30	2.74	2.69	0.05	2.11	3.35

Source: TM3

Weekly Muni Bond Fund Flows (2013-Present)



MMD vs Treasury Yield Curves



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