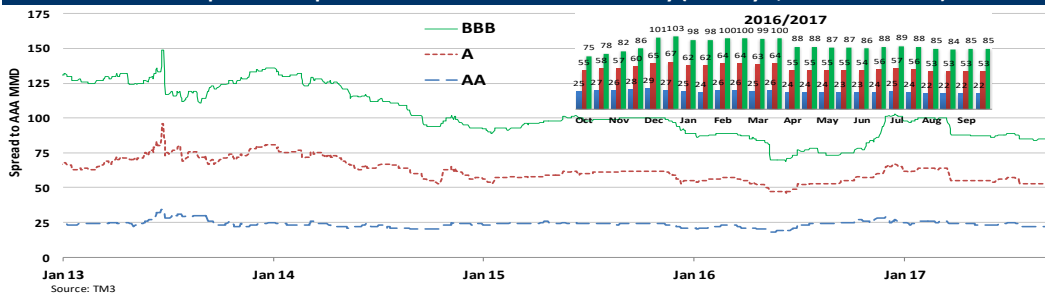


Comments:

- Last week muni volume was about \$5.4 billion. This week volume is expected to be \$9.9 billion. The negotiated market is led by \$1.1 billion for the Texas Water Development Board. The competitive market is led by \$846.8 million general obligation bonds for the State of Minnesota in 5 bids on Wednesday.
- Last Friday credit spreads were unchanged for AA, A and BBB compared with the previous Friday. They have been basically unchanged for about the last 36 weeks.
- Weekly reporting muni bond mutual funds reported an inflow of \$574.0 million for the week ending September 20 after an inflow of \$241.4 million for the week before. The eight week moving average was positive \$440.3 million.
- From Friday to Friday, MMD yields increased 5-6 bps in 1 to 7 years and 2-3 bps in 10 to 30 years. Muni/Treasury ratios for 10 and 30 year MMD maturities ended the week at 85.0% and 99.5%, respectively, virtually the same as the week before and still well below their 5 and 10 year averages.
- The 2 to 30 year MMD spread was 189 bps on Friday, the same as the previous Friday. Since the beginning of March this spread has flattened by 31 bps.
- Last week munis focused on the Fed meeting and other central banks, BOE raising rates as weak sterling causes inflation and ECB reducing QE by 20B euros in October. Even with the FOMC pending, many muni deals were able to bump final prices 2-5 bps on Tuesday which helped firm up the muni secondary. FOMC announced tapering as expected but also maintained the next hike could still be in 2017 despite weak inflation (PCE year-end forecast revised to 1.5% from 1.7%, well below the Fed's target of 2%). Towards the end of the week munis felt selling pressure as the calendar for this week increased. Geopolitical back on Friday as Trump and N. Korea traded insults and N. Korea threaten to set off H-bomb in the Pacific which created flight to safety.

Selected Deals for the Week Ending 9/29/17			
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)	U/W
Negotiated			
Texas Water Development Board, Rev	1,056.10	/AAA/AAA	MS
New Jersey Turnpike Authority, Rev (SIFMA/LIBOR Index)	579.00	A2/A+/A	BAML
State of Oregon, GO TAN's	578.00	MIG 1/SP-1+/F1+	BAML
Pennsylvania Economic Develop. Financing Auth, UPMC Rev	432.92	A1/A+/AA-	RBC
New York City Municipal Water Finance Auth, NY, 2nd Reso Water & Sewer	380.39	Aa1/AA+/AA+	RayJay
The Industrial Develop. Auth of the County of Maricopa, AZ, (Banner Health)	351.99	NR/AA-/AA-	MS
New Jersey Economic Develop. Auth, School Facilities	350.00	Baa1/BBB+/A	BAML
Pennsylvania Turnpike Commission, Rev	283.18	A1/NR/	Piper
Alamo Community College Dist, TX, LTGO	260.20	Aaa/AAA/	Citi
City & County of Denver, CO, Special Facilities Rev (AMT) (United Airlines)	255.20	/BB-/	Citi
South Dakota Health & Educational Facilit. Auth, Rev (Avera Health)	216.00	A1/AA-/	BAML
State of Kansas, Dept of Transportation, Highway Rev	200.00	Aa2/AAA/AA-	BAML
Chabot-Las Positas Community College Dist, CA, GO	160.00	//	Piper
The Edmond Public Works Auth, OK, Sales Tax & Utility Rev	157.10	/AA-/	Citi
Rhode Island Health & Educational Building Corp, Rev (Univ of Rhode Island)	121.81	A1(Aa3)/A+(A)/	RayJay
Pennsylvania Economic Develop. Financing Auth, UPMC Rev (Tx)	100.00	A1/A+/AA-	Wells
Competitive			
Tue, 9/26			
State of Washington, GO & Mtr Veh Fuel Tax (5 bids) (Te & Tx)	528.82	Aa1/AA+/AA+	'18-'42
Massachusetts Bay Transportation Auth, BAN's	281.70	Aa3/AA/	'21
Massachusetts Bay Transportation Auth, Sales Tax	238.67	Aa3/AA/	'25-'46
Palm Beach County School Dist, FL, COP's	148.64	Aa3/ /AA-	'20-'27
Palm Beach County School Dist, FL, TAN's	115.00	MIG 1/ /	'18
Wed, 9/27			
State of Minnesota, GO, (5 bids)	846.80	/ /AAA	'18-'37
Thur, 9/28			
State Public Works Board of the State of CA, Lease Rev (2 bids) (Te & Tx)	202.33	A1/A+/A+	'18-'32
Sources: Bond Buyer and IPREO		Bold=Mischler	

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

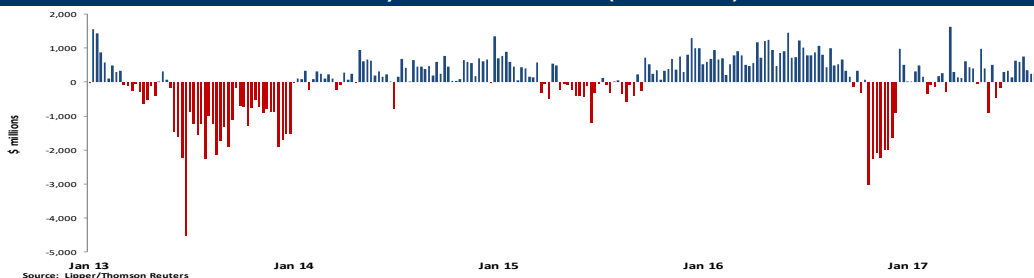


MMD Spots

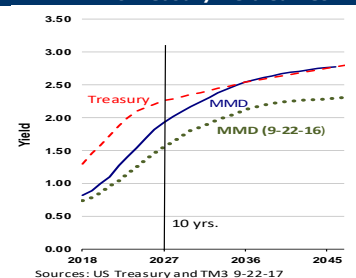
Mat	22-Sep	15-Sep	Chg.	12 mo. low	12 mo. high
1	0.82	0.77	0.05	0.68	0.98
5	1.27	1.21	0.06	1.02	1.91
7	1.54	1.48	0.06	1.18	2.18
10	1.92	1.89	0.03	1.47	2.58
15	2.31	2.29	0.02	1.87	2.93
20	2.58	2.55	0.03	2.12	3.20
25	2.71	2.69	0.02	2.22	3.30
30	2.78	2.76	0.02	2.27	3.35

Source: TM3

Weekly Muni Bond Fund Flows (2013-Present)



MMD vs Treasury Yield Curves



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