

Comments:

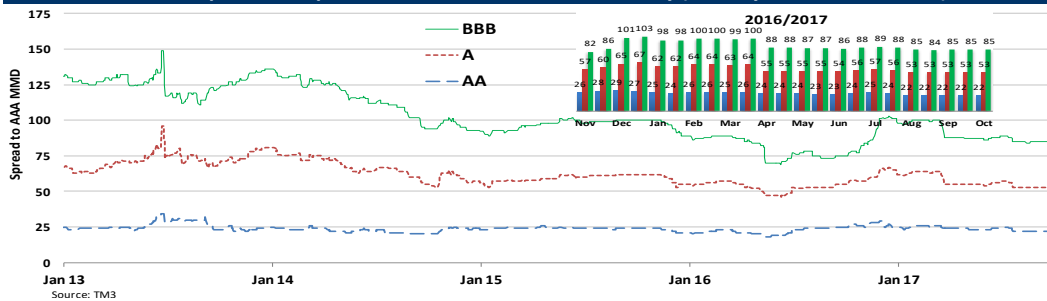
- Last week muni volume was about \$4.4 billion. This holiday shortened week volume is expected to be \$7.2 billion. The negotiated market is led by \$2.6 billion bonds for North Texas Tollway Authority, Texas. The competitive market is led by \$566.8 million bonds for Los Angeles County Metropolitan Transportation Authority, California in 2 bids on Thursday.
- Last Friday credit spreads were unchanged for AA, A and BBB compared with the previous Friday.
- Weekly reporting muni bond mutual funds reported an **outflow of \$140.3 million** for the week ending October 4 after an inflow of \$378.2 million for the week before. The eight week moving average was positive \$373.2 million.
- From Friday to Friday, MMD yields were unchanged in 1 year and 25 years, increased 1-2 bps in 5 to 15 years and decreased 1 bp in 20 and 30 years. Muni/Treasury ratios for 10 and 30 year MMD maturities ended the week at 85.4% and 97.5%, respectively, with the 10 year slightly lower and the 30 year 2 ratios lower than the week before.
- The 2 to 30 year MMD spread was 183 bps on Friday, 1 bp flatter than the previous Friday. Since the beginning of March this spread has flattened by 37 bps. Over the last two months this spread has averaged 187 bps (ranging from 192 on 8/16 to 181 on 9/7). Latest twelve month minimum was 159 on 10/7/16, a year ago.
- Last week munis again reacted to geopolitical and economic data. Early on the focus seemed to be the Las Vegas shooting and Spain and the Catalonia independence vote with stronger economic data putting pressure on bonds. Schumer's doubts on passage of tax reform helped bonds with one muni deal showing bumps of 4-10 bps. As Catalonia independence seemed on hold, bonds lost some of their flight to quality lift. As week ended, munis focused on employment data which, other than hurricane affected payrolls, was positive. N. Korea reportedly launched a missile on Friday. On balance, munis were able to handle relatively light volume with ratios lower. Outflow for weekly funds will have to be watched if volume picks up in October.

Selected Deals for the Week Ending 10/13/17			
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)	
Negotiated			
North Texas Tollway Auth, TX, First Tier & Second Tier Rev	2,569.00	A1(A2)/A(A-)/	U/W BAML
Airport Comm. of the City and Co. of San Francisco, CA, SFO, Rev (Te, Tx & AMT)	896.46	A1/A+/A+	Jefferies
Dir. of the State of Nevada Dept of Busi. & Industry, (Fulcrum Sierra Biofuels) Green	153.02	NR/NR/NR	MS
Indiana Finance Auth, SRF (Green)	141.00	Aaa/AAA/AAA	BAML
State of New York Mortgage Agency, Homeowner Mortgage (Te & AMT)	105.50	Aa1/NAF/NAF	MS
American University, (Tx) (Corp. CUSIP)	102.00	A1/A+/NR	JPM
Fort Bend ISD, TX, ULT GO (PSF Gty)	101.56	NR/AAA/AAA	JPM
Competitive			
Tue, 10/10			
Water District No. 1 of Johnson Co, KS, Water Rev (2 bids)	146.06	Aaa/AAA/	'18-'42
Wed, 10/11			
Board of Regents of The Texas A&M Univ., (Te & Tx) (2 bids)	399.78	Aaa/AAA/AAA	'18-'47
State of Ohio, GO, (Te & Tx) (2 bids)	265.00	Aa1/AA+/AA+	'18-'37
Louisville & Jefferson Counties Metro. Sewer Dist, KY, Subordinate BAN's	226.34	/SP-1+/	'18
Thur, 10/12			
Los Angeles Co. Metro. Transportation Auth., CA, Sales Tax (2 bids)	566.82	Aa1/AAA/	'22-'42
Suffolk County, NY, TAN's	100.00	//	'18

Sources: Bond Buyer and IPREO

Bold=Mischler

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

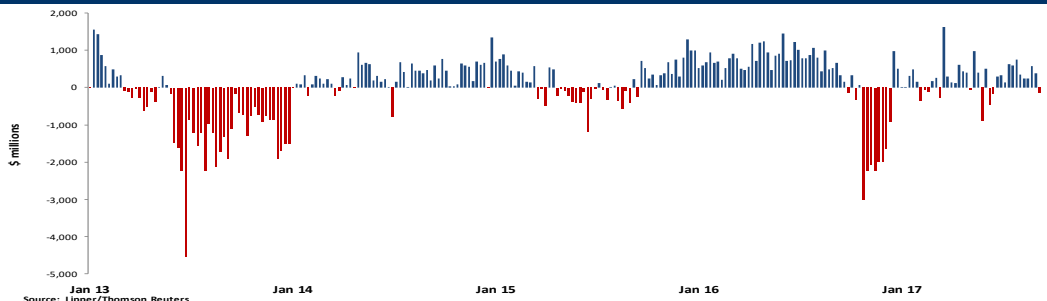


MMD Spots

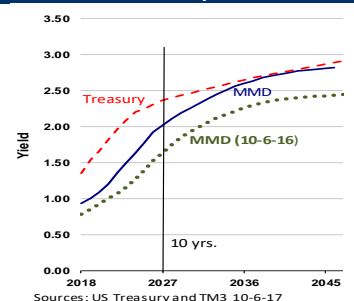
Mat	6-Oct	29-Sep	Chg.	12 mo. low	12 mo. high
1	0.94	0.94	0.00	0.68	0.98
5	1.37	1.35	0.02	1.09	1.91
7	1.64	1.62	0.02	1.18	2.18
10	2.02	2.00	0.02	1.47	2.58
15	2.39	2.38	0.01	1.92	2.93
20	2.64	2.65	-0.01	2.30	3.20
25	2.77	2.77	0.00	2.40	3.30
30	2.83	2.84	-0.01	2.45	3.35

Source: TM3

Weekly Muni Bond Fund Flows (2013-Present)



MMD vs Treasury Yield Curves



Sources: US Treasury and TM3 10-6-17

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.