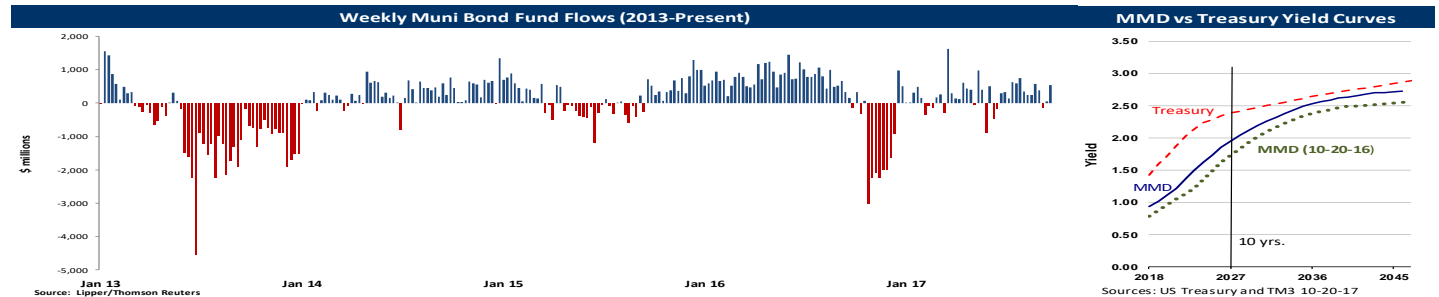
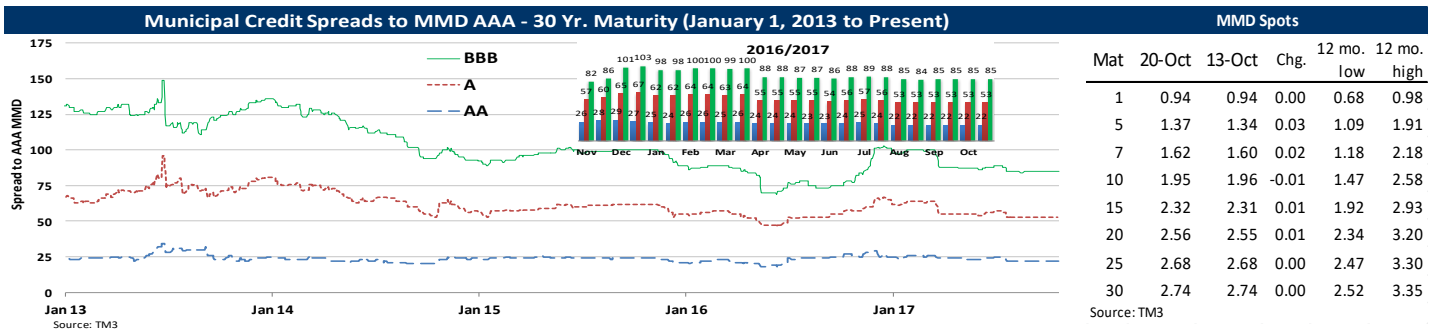


Comments:

- Last week muni volume was about \$10.2 billion. This week volume is expected to be \$10.1 billion. The negotiated market is led by \$4.5 billion general obligation bonds for the State of Illinois. The competitive market is led by \$712.5 million general obligation bonds for Washington Suburban Sanitary District, Maryland in 2 bids on Thursday.
- Last Friday credit spreads were unchanged for AA, A and BBB compared with the previous Friday. Credit spreads have been virtually unchanged for about 13 weeks and moved within a 3 bps range since mid-March 2017.
- Weekly reporting muni bond mutual funds reported an inflow of \$536.2 million for the week ending October 18 after an inflow of \$43.6 million for the week before. The eight week moving average was positive \$278.5 million.
- From Friday to Friday, MMD yields were unchanged in 1 year, increased 2-3 bps in 5 to 7 years, decreased 1 bp in 10 years, increased 1 bp in 15 to 20 years and were unchanged in 25 to 30 years. Muni/Treasury ratios for 10 and 30 year MMD maturities ended the week at 81.9% and 94.7%, respectively, a decrease of 4.1 ratios in 10 years and 2.9 ratios in 30 years from the week before.
- The 2 to 30 year MMD spread was 172 bps on Friday, 2 bps flatter than the previous Friday. Since the beginning of March this spread has flattened by 48 bps almost entirely due to lower 30 year rates.
- Last week munis held in most of the week as Treasuries were up and down. Munis managed to see strong primary activity with good bids for the 2 large competitive deals, \$1.5B Illinois GO's and \$1.6B Cal GO's. As Treasuries developed bear flattening worried about Fed looking to hike in December, Munis traded off initial strength on Wednesday. The end of the week focused on Senate budget passage and possible tax reform. This focus moved market to risk on and put pressure on Munis with another week of high volume coming this week. Markets concerned about tax reform deficit (\$1.5T) and discounting arguments that tax reform will lead to economic stimulus and increased tax collections. Muni/Tsy ratios decreased significantly this week and argue against possible year-end additional improvement as often occurs in December.

Selected Deals for the Week Ending 10/27/17			
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)	U/W
Negotiated			
State of Illinois, GO	4,500.00	Baa3/BBB-/BBB	Barclays
City of Gainesville, FL, Utility Sys Rev	415.87	Aa3/AA-/AA-	GS
Utility Debt Securitization Auth, NY, Restructuring Bonds	369.47	Aaa/AAA/AAA	RBC
Washington Health Care Facilities Auth, WA, (Multicare Health) (Te & Tx)	344.61	Aa3/AA-/AA-	Wells
Health & Educational Facilities Auth of State of MO, MO (Mercy Health)	291.70	Aa3/AA-/	JPM
State of Wisconsin, GO	272.60	Aa1/AA/AA+/AA+	Jefferies
The Metropolitan Gov't of Nashville & Davidson Co., TN, Water & Sewer (Green)	269.80	Aa3/AA/	MS
Hospitals & Higher Education Facilities Auth. of Phila, PA (Temple Univ. Health)	236.11	Ba1/BBB-/BB+	MS
San Diego Association of Gov'ts, CA, South Bay Expressway Toll Rev	204.51	/A/A-	JPM
Public Works Board of the State of California, Lease Rev	188.31	A1/A+/A+	Ray Jay
City & Co. of San Fran. Comm. Facilit. Dist No. 2014-1, CA (Transbay Ctr) (Tx) (Gr.)	165.89	/AA+	Stifel
Metropolitan Transportation Auth, NY, Transportation Rev (SIFMA Floater)	165.00	A1/AA-/AA-/AA+	MS
Indiana Municipal Power Agcy, Power Supply	124.00	A1/A+/A+	Citi
New York State Housing Finance Agcy, Affordable Housing (Green)	115.22	Aa2/ /	Ramirez
Competitive			
Thur, 10/26			
Washington Suburban Sanitary Dist, MD, GO (2 bids)	712.53	Aaa/AAA/AAA	'18-'47
County of Santa Clara, CA, GO (Tx)	250.00	/AAA/AA+	'18-'32
Sources: Bond Buyer and IPREO			

Bold=Mischler



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