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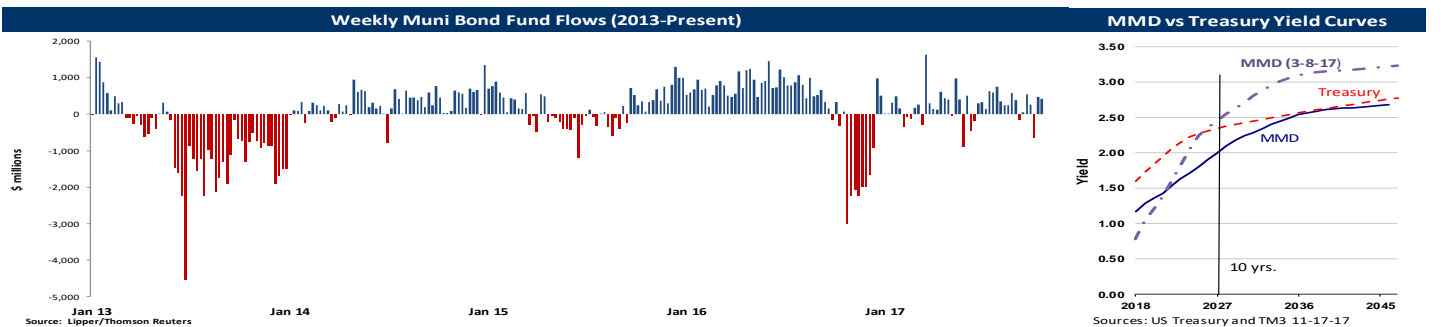
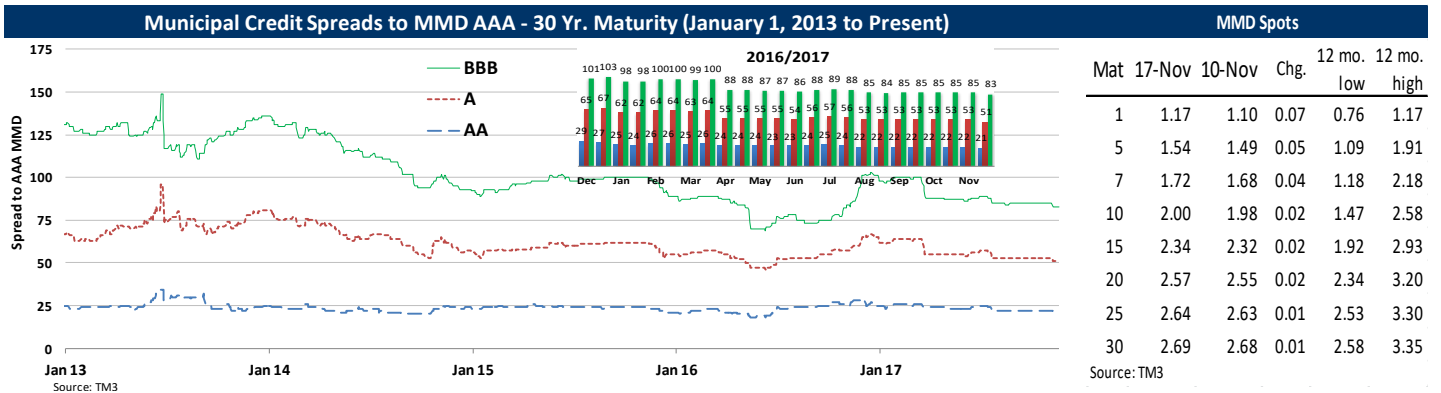
- Last week muni volume was about \$8.5 billion. This holiday shortened week volume is expected to be \$4.2 billion. The negotiated market is led by \$2.0 billion for Metropolitan Transportation Authority, NY. The competitive market does not have any deals over \$100 million.
- Last Friday credit spreads were unchanged for AA, A and BBB compared with the previous Friday. Credit spreads are 15% to 17% tighter since the beginning of 2017.
- Weekly reporting muni bond mutual funds reported an inflow of \$417.7 million for the week ending November 15 after an inflow of \$463.0 million for the week before. The eight week moving average was positive \$163.2 million.
- From Friday to Friday, MMD yields increased 7 bps in 1 year, 4-5 bps in 5 to 7 years and 1-2 bps in 10 to 30 years. Muni/Treasury ratios for 10 and 30 year MMD maturities ended the week at 85.0% and 96.2%, respectively, an increase of 2.4 ratios in 10 years and 3.1 ratios in 30 years from the week before as tax-exempts underperformed Treasuries on the week particularly in the intermediate and long maturities.
- The 2 to 30 year MMD spread was 140 bps on Friday, 8 bps flatter than the previous Friday, a new latest twelve month low. Since the beginning of March this spread has flattened by 80 bps mostly due to lower 30 year rates as reflected on the yield curve chart below.
- Last week munis were focused on tax reform and the potential elimination of private activity bonds and advance refundings. The impact of both being in the final bill would significantly reduce muni volume going forward. If only advance refundings are included (since the Senate bill did not include private activity bonds) the reduction could be something like 30%-40%. In addition, the market could see a significant increase in volume in what is left of 2017 as issuers try to accelerate advance refundings, like MTA which increased its financing from \$600 million to \$2 billion this week. Towards the end of last week, concern about the ability of the Senate to pass tax reform, the Fed indicating it might finance deficits with short debt versus its previously mentioned ultra-long (50-100 year) bonds and still looking for one more hike in 2017 and three in 2018 all put pressure on the short end of the market and further flattening of yield curves as muni's hit 140 basis points for the 2-30 year spread last Friday.

Selected Deals for the Week Ending 11/24/17				
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)		
Negotiated				
Metropolitan Transportation Auth, NY, Transportation Revenue (Green)	2,000.00	A1/AA-/AA-/AA+	U/W	
Commonwealth Transportation Board, VA, Fed. Transport. GAN's	479.41	Aa1/Aa+/AA+	Wells	
North Broward Hospital District, FL, Rev (Broward Health)	318.00	Baa2/BBB+/	BAML	
State of Colorado, COPs (Building Excellent Schools Today)	268.84	Aa2/AA-/	RBC	
Louisiana Local Gov't Environ. Facilit. & Commun. Develop. Auth, (Westlake Chem.)	250.00	Baa3/BBB/BBB	JPM	
Competitive				
			Mat	

Sources: Bond Buyer and IPREO

Bold=Mischler

HAPPY THANKSGIVING



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