

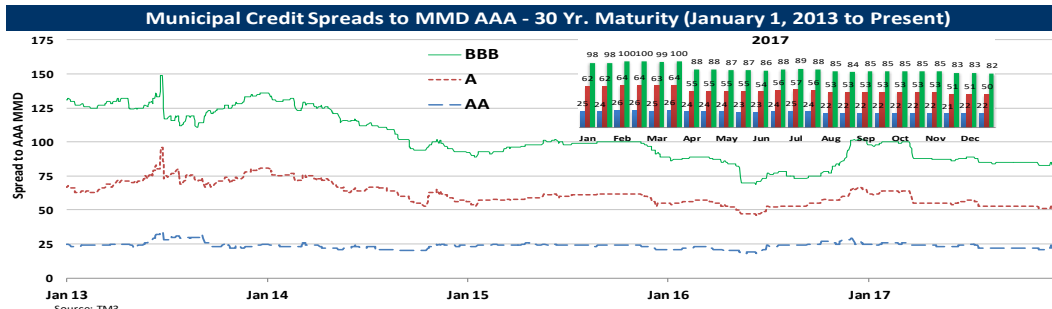
Comments:

- Last week muni volume was about \$16.4 billion from a projected \$22.9 billion. This week volume is expected to be \$11.7 billion. The negotiated market is led by \$1.0 billion of taxable pension bonds for the City of Houston, Texas. The competitive market has no deal over \$100 million.
- Last Friday credit spreads were unchanged for AA, A and BBB from the previous Friday.
- Weekly reporting muni bond mutual funds reported an inflow of \$216.9 million for the week ending December 13 after an outflow of \$807.2 million for the week before. The eight week moving average was positive \$82.1 million.
- From Friday to Friday, MMD yields increased 4 bps in 1 year, 2 bps in 5 years, 3-4 bps in 7 to 15 years and 2 bps in 20 to 30 years. Muni/Treasury ratios for 10 and 30 year MMD maturities ended the week at 84.5% and 96.0%, respectively, about 2½ to 3½ ratios higher than last Friday as munis felt pressure from several weeks of increased volume.
- The 2 to 30 year MMD spread was 112 bps on Friday, 1 bp flatter than the previous Friday. Since the beginning of March this spread has flattened by 108 bps.
- Last week munis felt pressure early as issuers priced deals to get a jump on all the volume and hopefully avoid market reactions to Fed rate move on Wednesday. PPI also showed strong 2.4% annual rate. The Fed raised rates 25 bps as expected (1.25%-1.50%) with three rate hikes indicated for 2018. CPI on Wednesday was softer than expected and helped to give munis a little more positive tone. Muni deals showed mixed pricings with some big cuts early in the week and more positive bumps later. Munis finished the week with ratios higher and a little more positive tone but wary of another week of significant volume.

Selected Deals for the Week Ending 12/22/17			
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)	U/W
Negotiated			
City of Houston, TX, Pension Obligation (Tx)	1,007.00	Aa3/AA/	Barclays
Railsplitter Tobacco Settlement Auth, IL, Tobacco Settle. Rev	678.61	/A(A-)/	Jefferies
Metropolitan Transportation Auth, NY, Transportation Rev	608.82	A1/AA-/AA-	GS
Virginia Housing Development Auth, Rental Housing	600.00	//	BAML
California Health Facilities Financing Auth, Rev (Stanford Health Care)	461.98	//	MS
Nebraska Investment Finance Auth, Single Family (Conv. Option & Fixed Rate)	448.06	NR/AA+/NR	JPM
PUC of the City and County of San Francisco, CA, Water Rev	408.96	Aa3/AA-/	MS
State of Connecticut Health & Educational Facilit. Auth, Rev (Yale University)	400.00	Aaa/AAA/NR	JPM
Riverside Co. Transportation Commission, CA, Sales Tax (Limited Tax)	393.44	/AA+/AA	GS
Indiana Finance Auth, Rev (Franciscan Alliance, Inc.)	340.00	AA3/ /AA	BAML
Georgia Housing Finance Auth, Single Family	325.00	/AAA/	Citi
New Jersey Econ Develop Auth, Special Facility Rev (Port Newark Container Terminal)	286.26	Ba1/ /	Wells
Industrial Develop Auth of City of Tempe, AZ, (Mirabella at ASU Proj)	232.96	NR/NR/	Cain
School Board of Broward Co., FL, COP's	209.84	Aa3/ /	MS
Palomar Health, CA, Rev & COP's (Partial Assured Gty Insured)	207.35	Ba1(A2)/BBB-(AA/BB+/ (AA+)	Citi
Virginia Commonwealth Univ Health Sys Auth, VA, Rev	199.84	Aa3/ /AA-	RBC
New Jersey Econ Develop Auth, Rev (Montclair State Univ Student Housing)	183.22	Baa3/NR/NR	Wells
Montana Board of Housing, Single Family	180.00	//	GS
New Jersey Health Care Facil Financing Auth, State Contract (Hosp Asset Transform.)	175.00	Baa1/BBB+/	RBC
California Infra. & Economic Develop Bank, Rev (Los Angeles Co. Museum of Art Proj)	171.50	A3/ /	Wells
Harbor Point Infra Improvement Dist, CT, Special Obligation (Harbor Pt. Proj)	150.70	NR/NR/	Citi
Illinois Finance Auth, Rev (Admiral at the Lake Proj)	148.80	NR/NR/	Ziegler
Indianapolis Local Public Improve. Bond Bank, IN, (Pilot Infra. Proj)	145.70	Aa2/ /	MS
County of Butler, OH, Rev (UC Health)	145.00	A2/A/NR	RBC
Medical Ctr Educational Building Corp, MS, (Te & Tx) (Univ of MS Medical Ctr.)	144.22	Aa2/NR/AA	JPM
California Public Finance Auth, Rev (Sharp Healthcare)	140.70	Aa3/AA/	Citi
Maryland Economic Develop. Corp, Rev	134.99	//	Piper
District of Columbia, Rev (KIPP DC Issue)	131.65	/BBB+/	Baird
Philadelphia Auth for Industrial Development, PA, Multi-Family (Univ Sq Apts Sect 8)	127.45	//	Jefferies
Illinois Finance Auth, Rev (Friendship Village of Schaumburg)	123.31	NR?NR/Nr	BB&T
Wisconsin Housing & Economic Develop Auth, Home Ownership (Te & AMT)	119.93	Aa2/AA/NR	RBC
Colorado Bridge Enterprise, Sr Rev (AMT) (Central 70 Proj)	115.82	/A-/	RBC
Massachusetts Develop Finance Auth, Rev (Univ Mass Health Care)	105.07	/ /A-	MS
State of New York Mortgage Agy, Homeowner Mortgage (Te & AMT)	104.99	Aa1/NR/Mtge	JPM
Louisiana Housing Corp, Single Family (Conv Option)	100.00	Aaa/ /	Ray Jay
New Mexico Mortgage Finance Auth, Single Family	100.00	Aaa/NR/NR	RBC
Competitive			
Mat			

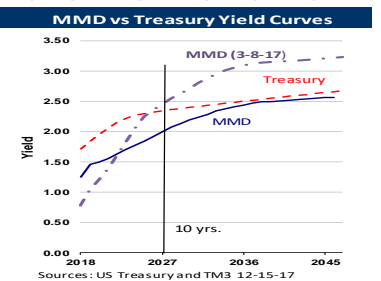
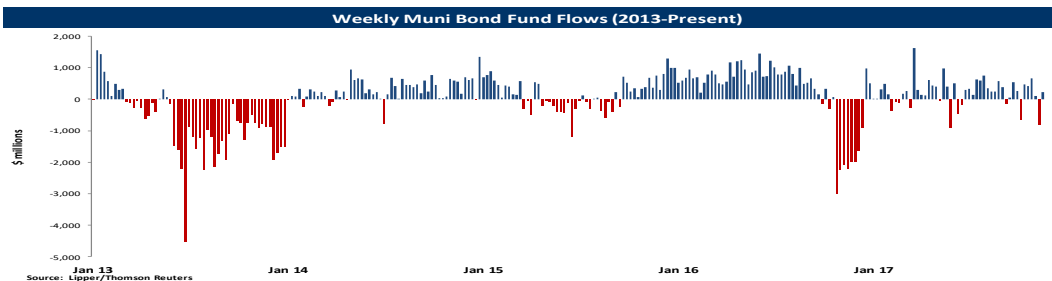
Sources: Bond Buyer and IPREO

Bold=Mischler



Mat	MMD Spots			
	15-Dec	8-Dec	Chg.	12 mo. low high
1	1.25	1.21	0.04	0.76 1.26
5	1.63	1.61	0.02	1.09 1.86
7	1.77	1.74	0.03	1.18 2.15
10	1.99	1.95	0.04	1.47 2.49
15	2.29	2.26	0.03	1.92 2.91
20	2.47	2.45	0.02	2.34 3.15
25	2.53	2.51	0.02	2.41 3.20
30	2.58	2.56	0.02	2.46 3.25

Source: TM3



Sources: US Treasury and TM3 12-15-17

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