

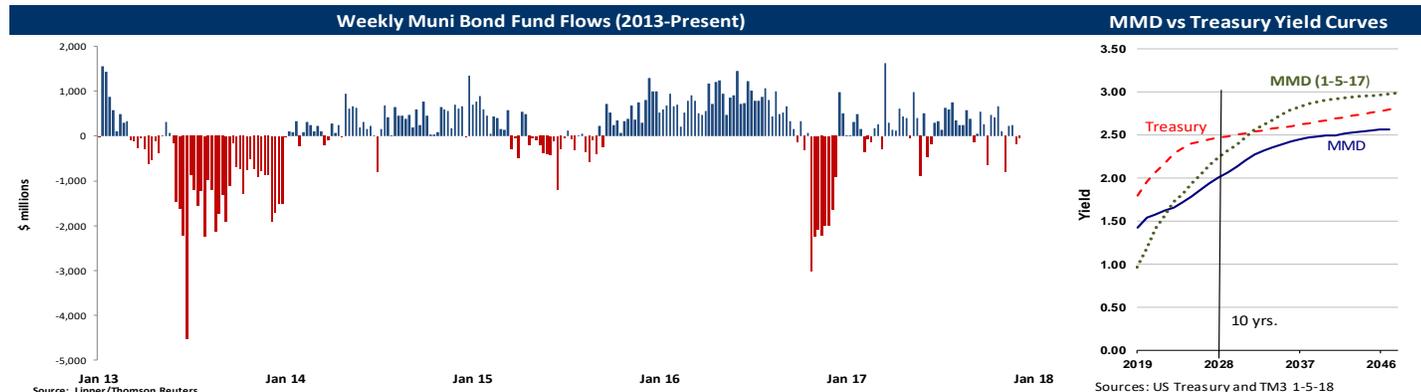
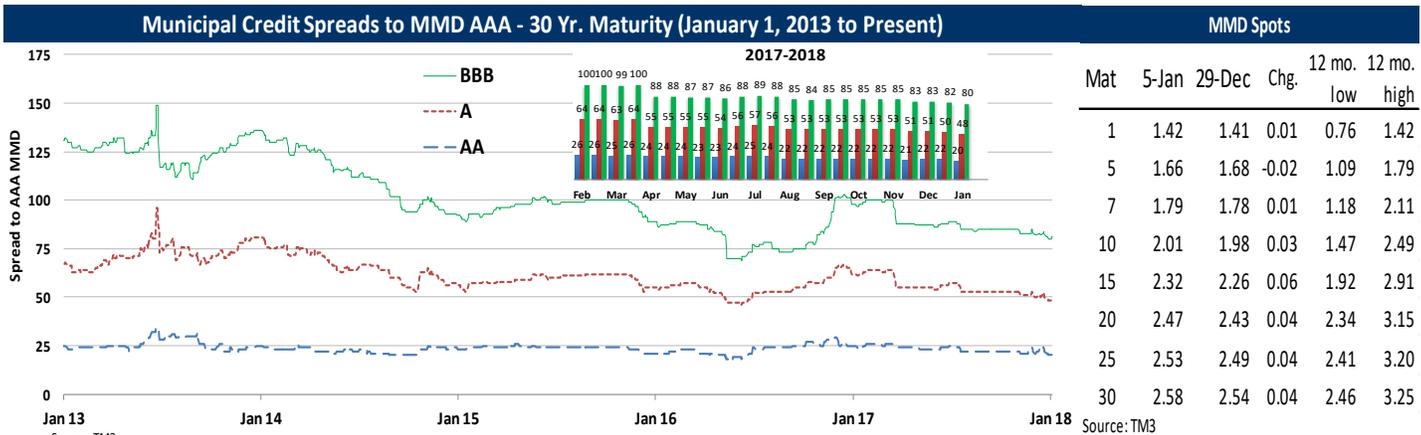
Comments:

- Last week muni volume was about \$0.8 billion. This week volume is expected to be about \$3.8 billion. The negotiated market is led by a trio of taxable deals, \$500 million for Stanford Health Care, \$410 million for Commonwealth Financing Authority (PA) and \$219 million for Illinois Finance Authority (PA) and \$219 million for Illinois Finance Authority. The competitive market is led by \$600 million general obligation bonds for the Commonwealth of Massachusetts on Tuesday.
- Last Friday credit spreads were unchanged for AA and 1 bp wider for A and BBB from the previous Friday.
- Weekly reporting muni bond mutual funds reported **an outflow of \$47.9 million** for the week ending January 3 after **an outflow of \$180.2 million** for the week before. The eight week moving average was positive \$76.2 million.
- From Friday to Friday, MMD yields increased 1 bp in 1 year, decreased 2 bps in 5 years, and increased 1 bp in 7 years, 3 bps in 10 years, 6 bps in 15 years and 4 bps in 20 to 30 years. Muni/Treasury ratios for 10 and 30 year MMD maturities ended the week at 81.2% and 91.8%, respectively, lower than the previous Friday.
- The 2 to 30 year MMD spread was 104 bps on Friday, 6 bps steeper than the previous Friday. Since the beginning of March 2017 this spread has flattened by 116 bps.
- Last week munis saw modest activity but felt pressure from continued high ratios, with both the 10 and 30 year ratios within a couple of ratios of their 12 month lows. Volume is expected to pick up some this week, but still will be less than the \$7+ billion weekly average for 2017. While the low ratios might be expected to put pressure on yields if investors start to take profits, January reinvestment flows and reduced volume should help to keep yields from rising too far. Projections for 2018 muni volume seem to range from \$275 to \$400 billion with an average of about \$325 billion, about 25% lower than 2017.

Selected Deals for the Week Ending 1/12/18			
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)	
Negotiated			
Stanford Health Care (CA), (Tx)	500.00	Aa3/AA-/AA	U/W MS
Commonwealth Financing Auth, PA, (Tx) (Plancon Program)	410.00	A1/A/A+	RBC
Illinois Finance Auth, (Tx-Refunding) (Ann & Robert H. Lurie Children's Hosp of Chic.)	218.67	NR/AA-/AA	JPM
Tomball ISD, TX, ULT GO	137.59	Aaa/AAA/NR	JPM
Competitive			
Mat			
Tue, 1/9			
Commonwealth of Massachusetts, GO (2 bids)	600.00	Aa1/AA/AA+	'20-'48
Fairfax County, VA, GO	225.19	Aaa/AAA/AAA	'18-'37
ISD No. 623 (Roseville), MN, GO	139.21		'19-'38
Wed, 1/10			
State of Colorado, Ed. Loan Program TRAN's	375.00	MIG 1/SP-1+/	'18

Sources: Bond Buyer and IPREO

Bold=Mischler



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