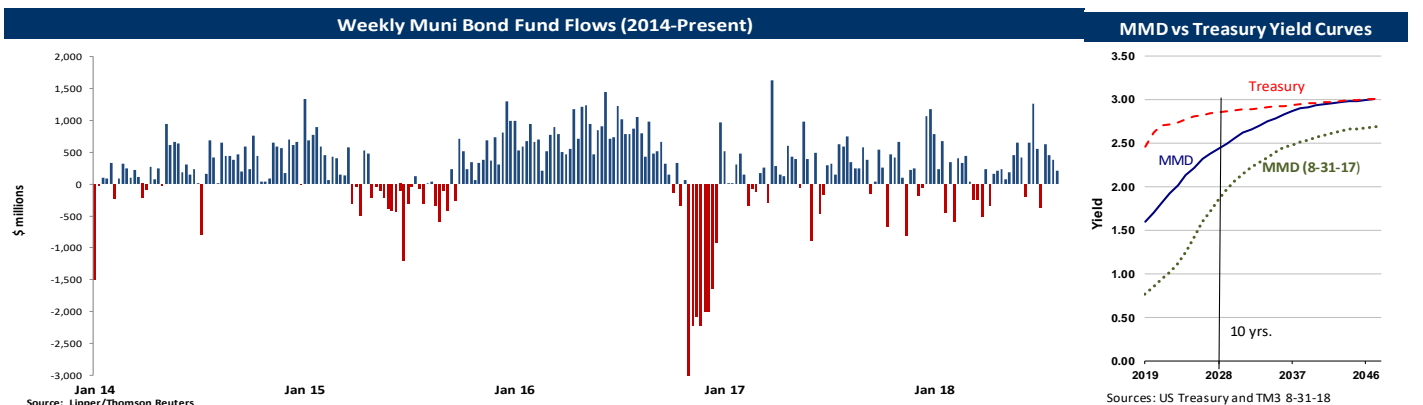
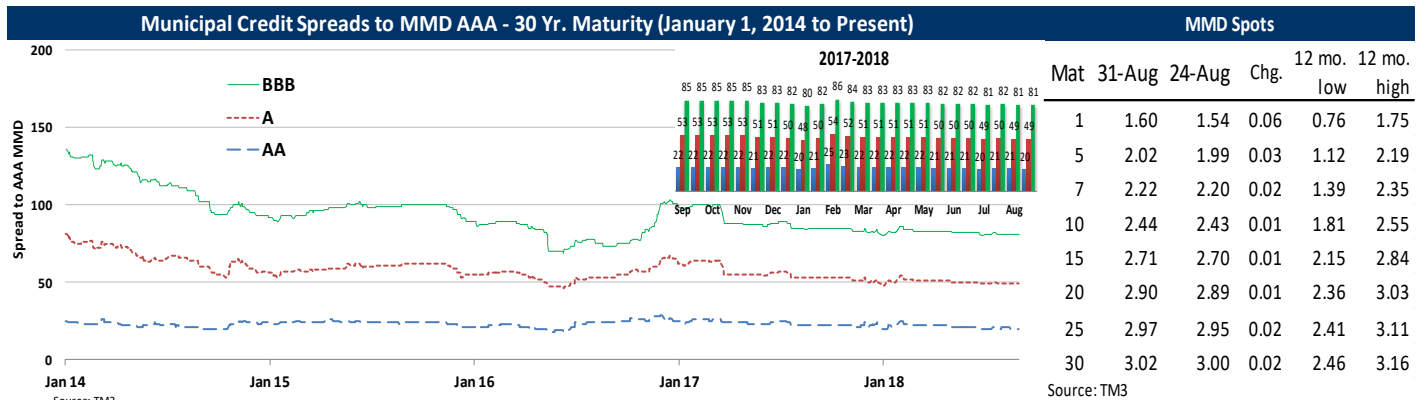


Comments:

- Last week muni volume was about \$4.5 billion. This holiday shortened week volume is expected to be \$3.6 billion. The negotiated market is led by \$900.9 million future tax bonds for New York City Transitional Finance Authority, New York. The competitive market is led by \$989.3 million tax-exempt and taxable general obligation bonds for the State of California on Thursday.
- 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 \$212.1 million for the week ending August 29 after an inflow of \$378.4 million for the week before. The eight week moving average was positive \$469.5 million.
- From Friday to Friday, MMD yields increased 6 bps in 1 year, 3 bps in 5 years, 2 bps in 7 years, 1 bp in 10 to 20 years and 2 bps in 25 to 30 years. Muni/Treasury ratios for 10 and 30 year MMD maturities ended the week at 85.6% and 100.7%, respectively, about 0.6 ratios lower in 10 years and 0.3 ratios lower in 30 years compared with the week before.
- The 2 to 30 year MMD spread was 132 bps on Friday, 4 bps flatter than the previous Friday. Since the end of 2017, munis have steepened by 34 bps, while Treasuries have flattened by 45 bps, although munis have flattened 22 bps since early March.
- Last week munis started out steady with Treasuries looking at \$104 billion 2/5/7 year auctions and stock futures suggesting “risk-on”. The risk-on continued on Tuesday with the finalization of a US/Mexico trade deal and increase in August consumer confidence to the highest level since October 2000. Munis started to feel the pressure as Treasury rates moved higher. Mid-week the focus was on Canada which looked ready to sign on to a US trade deal based on positive comments about concessions made by Mexico which kept a risk-on focus for the markets and pressure on interest rates. As the week came to an end activity slowed as many desks prepared for the long labor day week-end. Short munis felt pressure as the market started to look towards a likely September increase in Fed Funds. This week’s volume is still moderate and bond fund flows are positive although decreasing over the last four weeks.

Selected Deals for the Week Ending 9/7/18				
Issuer	Par (\$mil)	Ratings (M/S&P/F/K)	U/W	
Negotiated				
New York City Transitional Finance Auth, NY, Future Tax	900.92	Aa1/AAA/AAA	Loop	
University of Chicago, IL (Tx)	400.00	Aa2/AA-/AA+	Wells	
New Jersey Housing & Mortgage Finance Agy, Multi-Family (Te, Tx & AMT)	164.57	/AA-/	Barclays	
Competitive				
Thur, 9/6				
State of California, GO, (Te & Tx) (3 bids)	989.27	Aa3/AA-/AA-	'19-'37	
New York City Transitional Finance Auth, NY, Futrue Tax (Tx) (2 bids)	500.00	Aa1/AAA/AAA	'23-'33	
Sources: Bond Buyer and IPREO				

Bold=Mischler



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