

ACACIA'S MUNICIPAL MARKET UPDATE



JANUARY 16, 2018

CELEBRATING
10
Years

Office Locations

6000 Midlantic Drive,
Suite 410 North
Mt. Laurel, NJ 08054
T: 856-234-2266

26 Park Street,
Suite 2010
Montclair, NJ 07042
T: 973-509-3990

1441 Broadway, 5th Floor,
Suite 5017
New York, NY 10018
T: 212-432-4020

221 North LaSalle Street,
Suite 1500
Chicago, IL 60601
T: 312-269-0041

66 East Lynn Street
Columbus, OH 43215
T: 614-464-2300

255 E. Fireweed Lane,
Suite 102
Anchorage, AK 99503
T: 907-272-4488

111 Anza Boulevard,
Suite 107
Burlingame, CA 94010
T: 650-342-2266

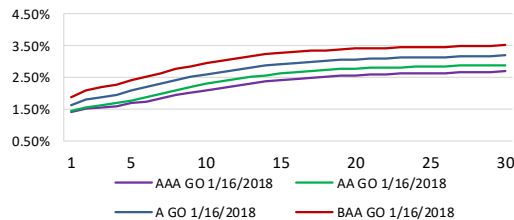
MARKET COMMENTARY

- From Monday to Tuesday, the 10-year AAA MMD benchmark rose 9 basis points to 2.10%, while the 30-year AAA MMD benchmark rose 10 basis points to 2.69%.
- The municipal bond volume for the week of January 16th is approximately \$3.35 billion of long-term bonds, consisting of \$2.36 billion in negotiated deals and \$986.4 million in competitive sales.
- Municipal bond funds saw inflows of \$1.06 billion in the week ended January 10th, following outflows of \$47.9 million in the week prior. Fund inflows for the 2017 year finished at \$19.4 billion.
- December's Consumer Price Index, which was released last Friday, detailed the CPI rose 0.1% for the final month of 2017 with the core rate at 1.7%. Due to this and other assumptions, it speculated that the Fed will increase rates three times in 2018.
- This week we are expecting economic releases such as Industrial Production and Housing Starts.

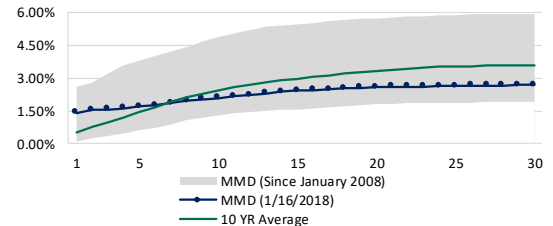
MUNICIPAL MARKET TRENDS

Term	Tax-Exempt				Taxable			Swap Rates			
	AAA	AA	A	BAA	Term	UST	AAA	Term	LIBOR	SIFMA	SIFMA/LIBOR
1 Yr	1.42%	1.45%	1.63%	1.90%	1 Yr	1.774%	1.87%	1 Mo/1 Wk	1.556%	1.310%	84.190%
2 Yr	1.53%	1.58%	1.80%	2.10%	2 Yr	2.014%	2.12%	3 Mo	1.731%	-	-
3 Yr	1.57%	1.63%	1.88%	2.20%	3 Yr	2.122%	2.25%	6 Mo	1.899%	-	-
4 Yr	1.61%	1.69%	1.97%	2.29%	5 Yr	2.352%	2.65%	1 Yr	2.021%	1.407%	69.619%
5 Yr	1.69%	1.79%	2.10%	2.41%	7 Yr	2.471%	2.87%	5 Yr	2.409%	1.783%	74.014%
10 Yr	2.10%	2.04%	2.59%	2.94%	10 Yr	2.537%	3.17%	10 Yr	2.542%	1.991%	78.324%
30 Yr	2.69%	2.90%	3.19%	3.51%	30 Yr	2.825%	3.51%	30 Yr	2.649%	2.242%	84.636%

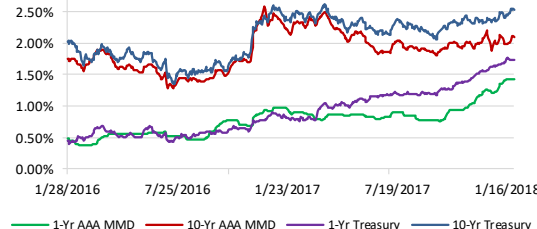
MMD Yield Curves



MMD Yield Range



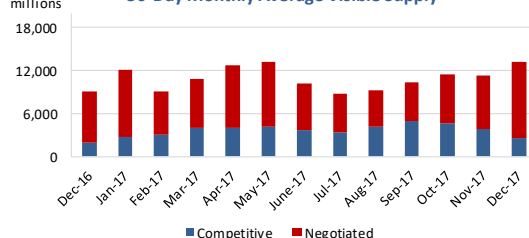
AAA MMD vs UST



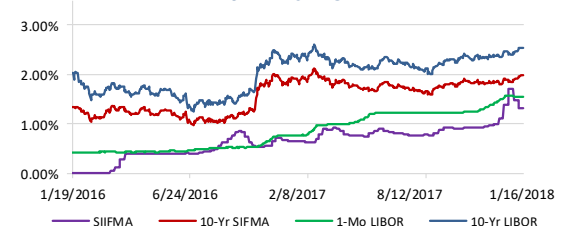
Ratio of AAA MMD vs UST



30-Day Monthly Average Visible Supply



SIFMA vs LIBOR



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