

ACACIA'S MUNICIPAL MARKET UPDATE



JANUARY 2, 2018

CELEBRATING
10
Years

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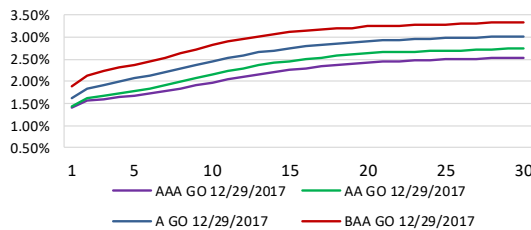
MARKET COMMENTARY

- From Tuesday to Friday, the 10-year AAA MMD benchmark fell 9 basis points to 1.98%, while the 30-year AAA MMD benchmark also fell 9 basis points to 2.54%.
- The municipal bond volume for the week of January 2nd is approximately \$757 million of long-term bonds, consisting of \$713 million in negotiated deals and \$44 million in competitive sales.
- Municipal bond funds saw outflows of \$180.177 million in the week ended December 27th, following inflows of \$250.663 million in the week prior.
- The final tax bill has been signed by the President. The bill allows the use of private activity bonds, tax-exempt bonds for professional stadiums, and includes adjustments to the alternative minimum tax. The new tax bill also bans advance refundings as of December 31st, 2017

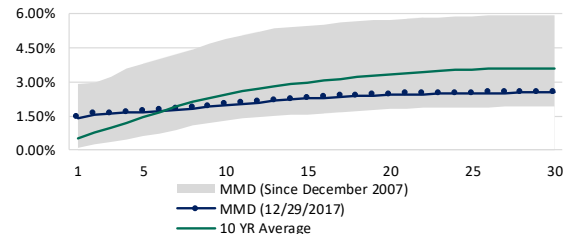
MUNICIPAL MARKET TRENDS

Term	Tax-Exempt				Taxable			Swap Rates			
	AAA	AA	A	BAA	Term	UST	AAA	Term	LIBOR	SIFMA	SIFMA/LIBOR
1 Yr	1.41%	1.44%	1.62%	1.89%	1 Yr	1.765%	1.82%	1 Mo/1 Wk	1.564%	1.710%	109.335%
2 Yr	1.56%	1.61%	1.83%	2.13%	2 Yr	1.915%	1.99%	3 Mo	1.694%	-	-
3 Yr	1.60%	1.66%	1.91%	2.23%	3 Yr	2.009%	2.09%	6 Mo	1.837%	-	-
4 Yr	1.64%	1.72%	2.00%	2.32%	5 Yr	2.248%	2.49%	1 Yr	1.921%	1.312%	68.298%
5 Yr	1.68%	1.77%	2.07%	2.38%	7 Yr	2.374%	2.71%	5 Yr	2.287%	1.672%	73.109%
10 Yr	1.98%	2.04%	2.46%	2.81%	10 Yr	2.456%	3.00%	10 Yr	2.444%	1.894%	77.496%
30 Yr	2.54%	2.74%	3.02%	3.34%	30 Yr	2.798%	3.41%	30 Yr	2.596%	2.171%	83.629%

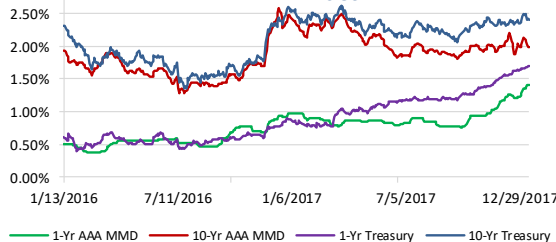
MMD Yield Curves



MMD Yield Range



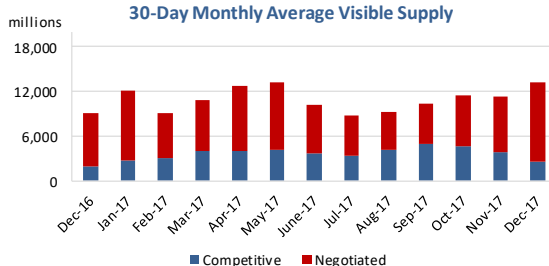
AAA MMD vs UST



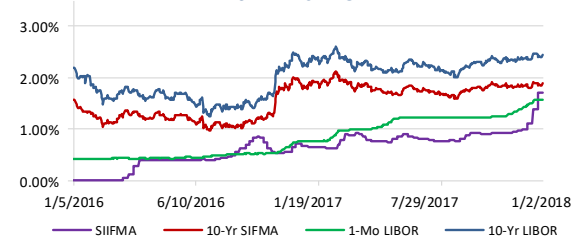
Ratio of AAA MMD vs UST



30-Day Monthly Average Visible Supply



SIFMA vs LIBOR



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