

ACACIA'S MUNICIPAL MARKET UPDATE



JANUARY 9, 2018

CELEBRATING
10
Years

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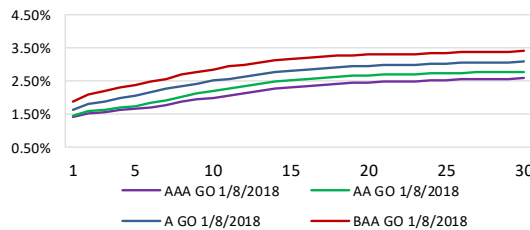
MARKET COMMENTARY

- From Tuesday to Monday, the 10-year AAA MMD benchmark rose 3 basis points to 2.01%, while the 30-year AAA MMD benchmark rose 4 basis points to 2.59%.
- The municipal bond volume for the week of January 8th is approximately \$3.30 billion of long-term bonds, consisting of \$1.72 billion in negotiated deals and \$1.58 billion in competitive sales.
- Municipal bond funds saw outflows of \$47.880 million in the week ended January 3rd, following outflows of \$180.177 million in the week prior.
- Stemming from the new tax bill, the U.S. cap for aggregate issuance of private activity bonds in 2018 is \$37.55 billion, as compared to the 2017 cap of \$35.69 billion.
- This week we are expecting economic indicators such as Producer Price Index and the Consumer Price Index.

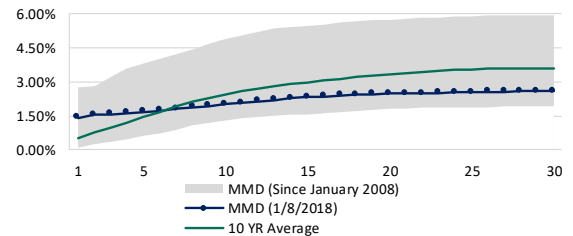
MUNICIPAL MARKET TRENDS

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	1.780%	1.88%	1 Mo/1 Wk	1.553%	1.470%	94.656%
2 Yr	1.54%	1.59%	1.81%	2.11%	2 Yr	1.958%	2.06%	3 Mo	1.704%	-	-
3 Yr	1.58%	1.64%	1.89%	2.21%	3 Yr	2.057%	2.18%	6 Mo	1.865%	-	-
4 Yr	1.62%	1.70%	1.98%	2.30%	5 Yr	2.287%	2.58%	1 Yr	1.965%	1.358%	69.109%
5 Yr	1.66%	1.76%	2.07%	2.38%	7 Yr	2.404%	2.80%	5 Yr	2.348%	1.716%	73.083%
10 Yr	2.01%	2.04%	2.51%	2.86%	10 Yr	2.480%	3.11%	10 Yr	2.511%	1.945%	77.459%
30 Yr	2.59%	2.79%	3.09%	3.41%	30 Yr	2.811%	3.49%	30 Yr	2.663%	2.225%	83.552%

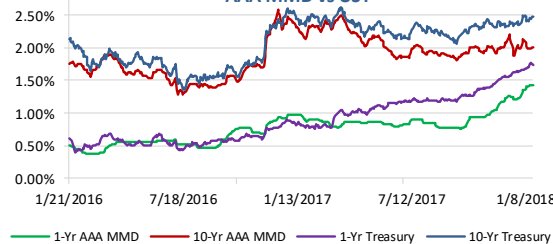
MMD Yield Curves



MMD Yield Range



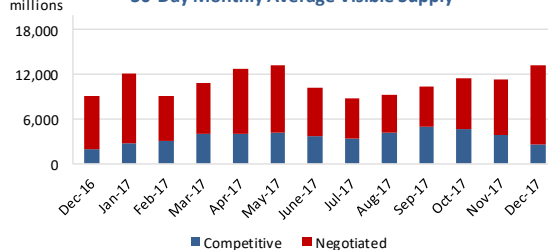
AAA MMD vs UST



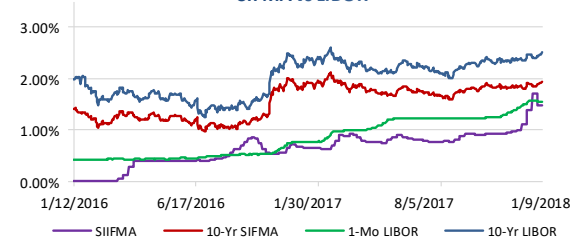
Ratio of AAA MMD vs UST



30-Day Monthly Average Visible Supply



SIFMA vs LIBOR



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