

# ACACIA'S MUNICIPAL MARKET UPDATE



OCTOBER 10, 2018

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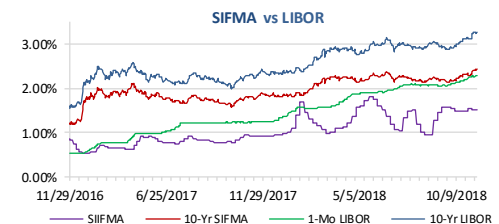
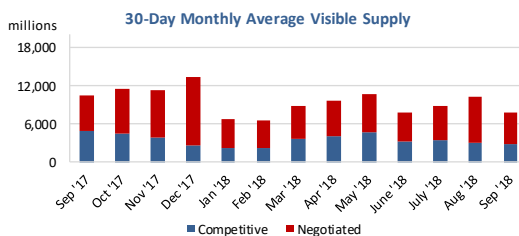
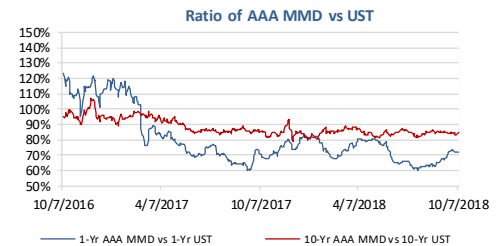
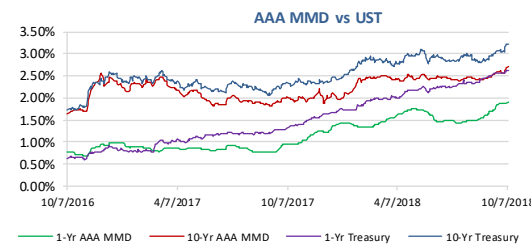
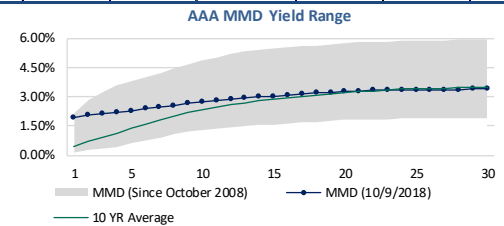
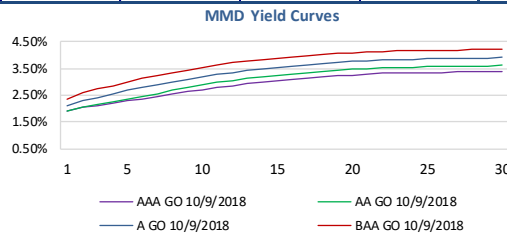
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## MARKET COMMENTARY

- From Monday to Tuesday, the 10-year AAA MMD benchmark rose 14 basis points to 2.72%, while the 30-year AAA MMD benchmark rose 19 basis points to 3.40%.
- The municipal bond volume for the week of October 9<sup>th</sup> is a bit lighter due to the shortened holiday week with approximately \$4.3 billion of long-term bonds, consisting of \$3.5 billion in negotiated deals and \$800 million in competitive sales.
  - The current new issue supply is down approximately 12.6% from the supply level this time last year.
- Municipal bond funds saw outflows of \$43.6 million in the week ended October 3<sup>rd</sup>, following outflows of \$384.8 million in the week prior.
- The employment report released last week for the month of September reported nonfarm payrolls coming in short of the consensus at 134,000, however the unemployment rate dropped from 3.9% to 3.7%.
- This week's economic indicators consist of the NFIB Small Business Optimism Index, the Producer Price Index, Consumer Price Index, Import and Export Prices, and Consumer Sentiment.

## MUNICIPAL MARKET TRENDS

Term	Tax-Exempt				Taxable			Swap Rates			
	AAA	AA	A	BAA	Term	UST	AAA	Term	LIBOR	SIFMA	SIFMA/LIBOR
1 Yr	1.90%	1.91%	2.09%	2.36%	1 Yr	2.663%	2.74%	1 Mo/1 Wk	2.287%	1.530%	66.900%
2 Yr	2.05%	2.08%	2.30%	2.60%	2 Yr	2.873%	3.01%	3 Mo	2.420%	-	-
3 Yr	2.12%	2.17%	2.42%	2.74%	3 Yr	2.966%	3.11%	6 Mo	2.629%	-	-
4 Yr	2.21%	2.27%	2.55%	2.87%	5 Yr	3.047%	3.36%	1 Yr	2.829%	1.816%	64.192%
5 Yr	2.30%	2.37%	2.68%	3.00%	7 Yr	3.148%	3.58%	5 Yr	3.189%	2.226%	69.802%
10 Yr	2.72%	2.04%	3.19%	3.54%	10 Yr	3.208%	3.81%	10 Yr	3.272%	2.429%	74.236%
30 Yr	3.40%	3.62%	3.91%	4.23%	30 Yr	3.387%	4.23%	30 Yr	3.299%	2.704%	81.964%



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