

ACACIA'S MUNICIPAL MARKET UPDATE



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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

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

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

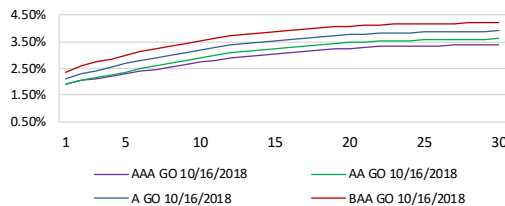
MARKET COMMENTARY

- From Tuesday to Monday, both the 10-year AAA MMD and the 30-year AAA MMD benchmark rose 1 basis point to 2.73% and 3.41%, respectively.
- The municipal bond volume for the week of October 15th is approximately \$11.3 billion of long-term bonds, consisting of \$7.7 billion in negotiated deals and \$3.6 billion in competitive sales.
 - The current new issue supply is down approximately 12.3% from the supply level this time last year.
- Municipal bond funds saw outflows of \$847.8 million in the week ended October 10th, following outflows of \$43.6 million in the week prior.
- The September FOMC meeting minutes were released today, which reported the removal of the phrase "accommodative" from monetary policy and that the 25 basis point rate hike on September 26th was an unanimous decision.
- This week's economic indicators consist of Retail Sales, Business Inventories, Industrial Production, Housing Market Index, Housing Starts, Jobless Claims, Leading Indicators and Existing Home Sales.

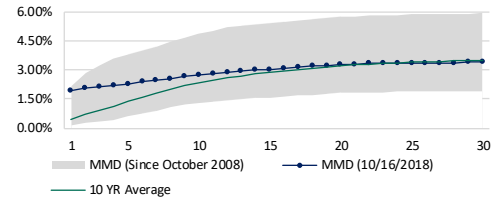
MUNICIPAL MARKET TRENDS

Tax-Exempt					Taxable			Swap Rates			
Term	AAA	AA	A	BAA	Term	UST	AAA	Term	LIBOR	SIFMA	SIFMA/LIBOR
1 Yr	1.90%	1.91%	2.09%	2.36%	1 Yr	2.651%	2.77%	1 Mo/1 Wk	2.287%	1.530%	66.900%
2 Yr	2.05%	2.08%	2.30%	2.60%	2 Yr	2.878%	2.99%	3 Mo	2.445%	-	-
3 Yr	2.12%	2.17%	2.42%	2.74%	3 Yr	2.968%	3.08%	6 Mo	2.658%	-	-
4 Yr	2.21%	2.27%	2.55%	2.87%	5 Yr	3.039%	3.32%	1 Yr	2.852%	1.832%	64.236%
5 Yr	2.30%	2.37%	2.68%	3.00%	7 Yr	3.126%	3.53%	5 Yr	3.169%	2.220%	70.054%
10 Yr	2.73%	2.90%	3.20%	3.55%	10 Yr	3.180%	3.76%	10 Yr	3.239%	2.408%	74.344%
30 Yr	3.40%	3.62%	3.91%	4.23%	30 Yr	3.349%	4.19%	30 Yr	3.265%	2.686%	82.266%

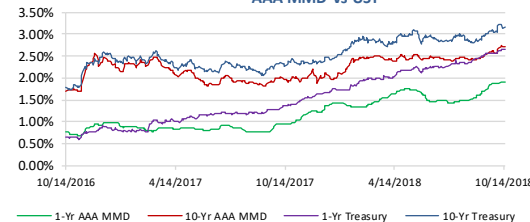
MMD Yield Curves



AAA MMD Yield Range



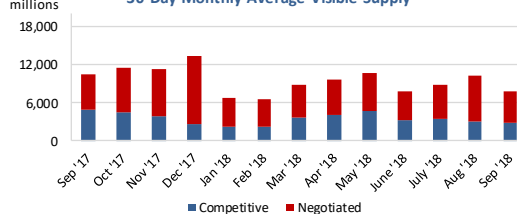
AAA MMD vs UST



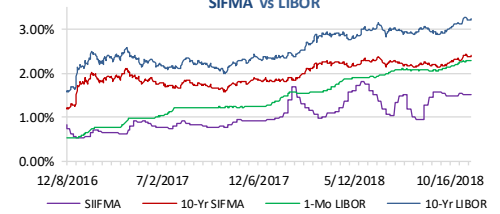
Ratio of AAA MMD vs UST



30-Day Monthly Average Visible Supply



SIFMA vs LIBOR



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