

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

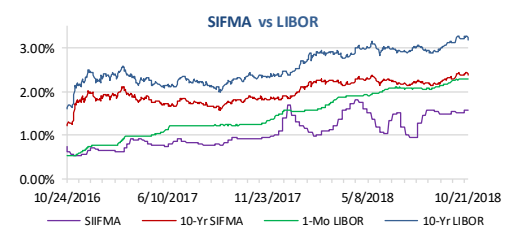
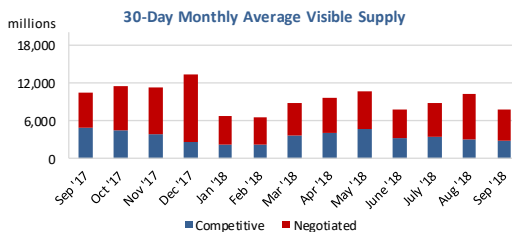
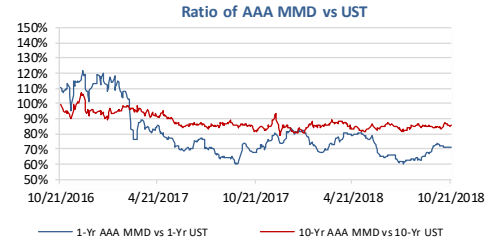
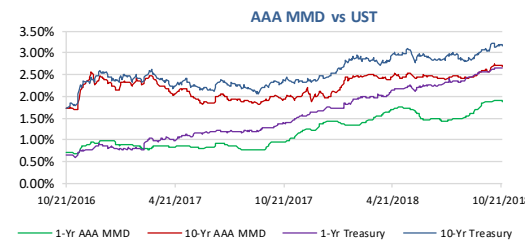
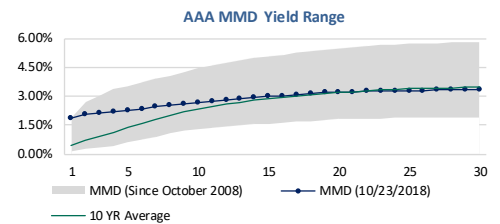
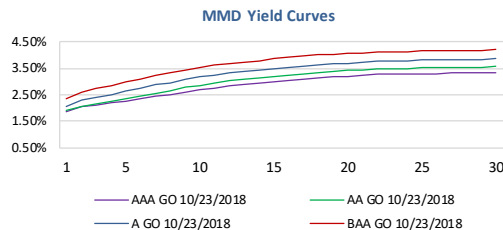
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MARKET COMMENTARY

- From Monday to Monday, the 10-year AAA MMD benchmark remained unchanged at 2.73%, while the 30-year AAA MMD benchmark fell 2 basis points to 3.39%.
- The municipal bond volume for the week of October 22nd is approximately \$6.4 billion of long-term bonds, consisting of \$4.6 billion in negotiated deals and \$1.8 billion in competitive sales.
 - The current new issue supply is down approximately 12.7% from the supply level this time last year.
- Municipal bond funds saw outflows of \$642 million in the week ended October 17th, following outflows of \$847.8 million in the week prior.
- Economic indicators released last week for the month of September reported a 5.28% drop in Housing Starts from the month prior coming in at 1.201 million. Jobless Claims came in stronger than expected with a decrease of 4,000 from the week prior.
- This week's economic indicators consist of the FHFA House Price Index, PMI Index, Beige Book, New Home Sales, Durable Goods Orders, Pending Home Sales, International Trade in Goods and 3rd quarter GDP.

MUNICIPAL MARKET TRENDS

Term	Tax-Exempt				Taxable			Swap Rates			
	AAA	AA	A	BAA	Term	UST	AAA	Term	LIBOR	SIFMA	SIFMA/LIBOR
1 Yr	1.89%	1.90%	2.08%	2.35%	1 Yr	2.632%	2.79%	1 Mo/1 Wk	2.281%	1.570%	68.829%
2 Yr	2.04%	2.07%	2.29%	2.59%	2 Yr	2.851%	3.03%	3 Mo	2.490%	-	-
3 Yr	2.11%	2.16%	2.41%	2.73%	3 Yr	2.902%	3.11%	6 Mo	2.748%	-	-
4 Yr	2.19%	2.25%	2.53%	2.85%	5 Yr	2.957%	3.34%	1 Yr	2.883%	1.859%	64.481%
5 Yr	2.28%	2.35%	2.66%	2.98%	7 Yr	3.043%	3.53%	5 Yr	3.120%	2.190%	70.192%
10 Yr	2.70%	2.87%	3.17%	3.53%	10 Yr	3.117%	3.77%	10 Yr	3.196%	2.391%	74.812%
30 Yr	3.35%	3.57%	3.86%	4.21%	30 Yr	3.337%	4.21%	30 Yr	3.246%	2.681%	82.594%



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