

ACACIA'S MUNICIPAL MARKET UPDATE



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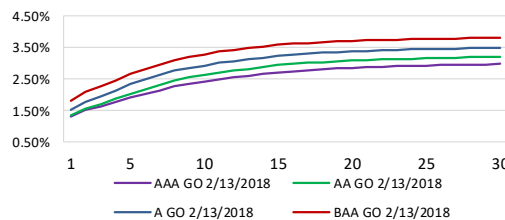
MARKET COMMENTARY

- From Monday to Monday, the 10-year AAA MMD benchmark fell 3 basis points to 2.43%, while the 30-year AAA MMD benchmark fell 4 basis points to 2.97%.
- The municipal bond volume for the week of February 12th is approximately \$3.5 billion of long-term bonds, consisting of \$2.7 billion in negotiated deals and \$824 million in competitive sales.
- Municipal bond funds saw inflows of \$674.908 million in the week ended February 7th, following inflows of \$235.926 million in the week prior. Fund inflows for the 2017 year finished at \$19.4 billion.
- President Trump announced his Infrastructure plan this week, which introduced a new bill that terminates state volume caps and the alternative minimum tax on Private Activity Bonds.
- Members in Congress are looking to introduce a new bill that would restore the use of advance refundings, which were eliminated in the new tax law that began this year.

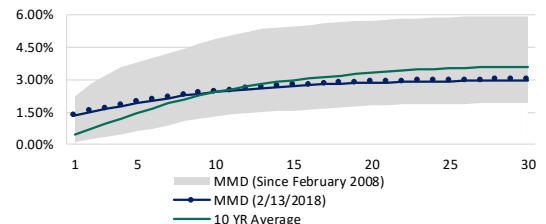
MUNICIPAL MARKET TRENDS

| Term | Tax-Exempt | | | | Taxable | | | Swap Rates | | | |
|-------|------------|-------|-------|-------|---------|--------|-------|------------|--------|--------|-------------|
| | AAA | AA | A | BAA | Term | UST | AAA | Term | LIBOR | SIFMA | SIFMA/LIBOR |
| 1 Yr | 1.33% | 1.36% | 1.54% | 1.81% | 1 Yr | 1.930% | 2.03% | 1 Mo/1 Wk | 1.588% | 0.980% | 61.713% |
| 2 Yr | 1.52% | 1.57% | 1.79% | 2.09% | 2 Yr | 2.104% | 2.21% | 3 Mo | 1.833% | - | - |
| 3 Yr | 1.65% | 1.72% | 1.97% | 2.29% | 3 Yr | 2.307% | 2.42% | 6 Mo | 2.049% | - | - |
| 4 Yr | 1.78% | 1.87% | 2.15% | 2.47% | 5 Yr | 2.542% | 2.84% | 1 Yr | 2.149% | 1.426% | 66.356% |
| 5 Yr | 1.93% | 2.04% | 2.36% | 2.67% | 7 Yr | 2.741% | 3.15% | 5 Yr | 2.634% | 1.916% | 72.741% |
| 10 Yr | 2.42% | 2.04% | 2.93% | 3.28% | 10 Yr | 2.829% | 3.40% | 10 Yr | 2.837% | 2.212% | 77.970% |
| 30 Yr | 2.98% | 3.21% | 3.50% | 3.82% | 30 Yr | 3.111% | 3.82% | 30 Yr | 2.932% | 2.490% | 84.925% |

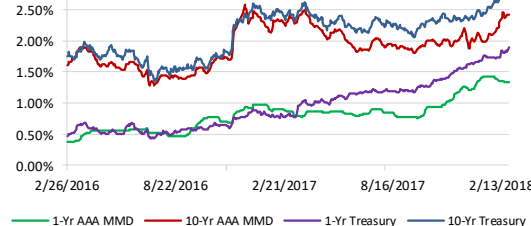
MMD Yield Curves



MMD Yield Range



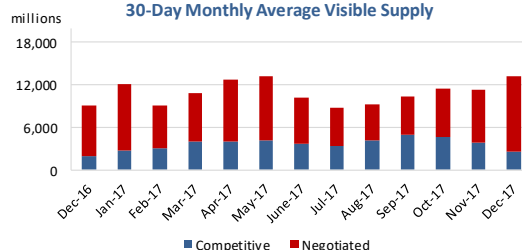
AAA MMD vs UST



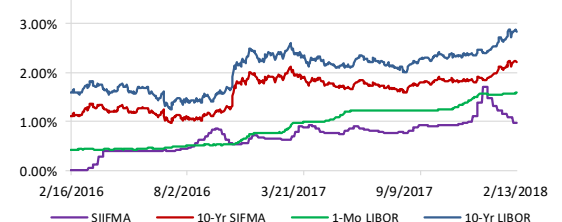
Ratio of AAA MMD vs UST



30-Day Monthly Average Visible Supply



SIFMA vs LIBOR



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