

ACACIA'S MUNICIPAL MARKET UPDATE



MARCH 13, 2018

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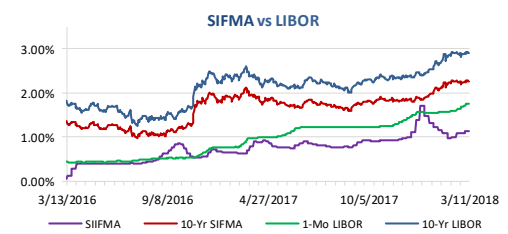
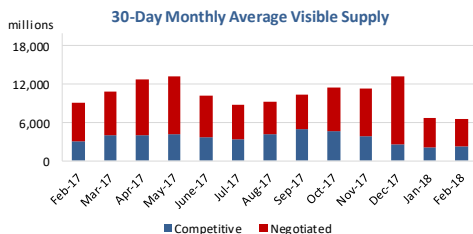
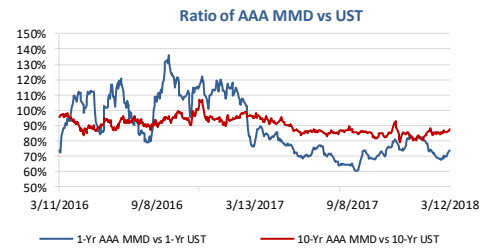
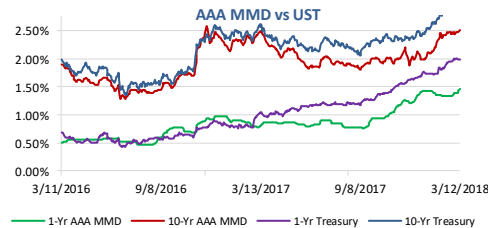
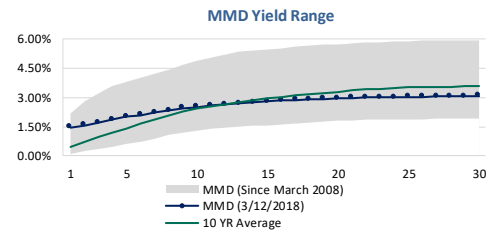
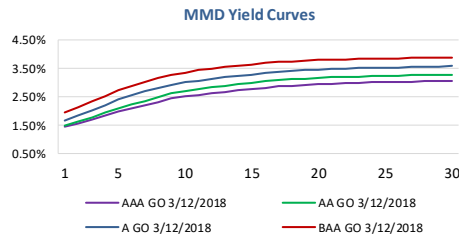
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MARKET COMMENTARY

- From Monday to Monday, the 10-year AAA MMD benchmark rose 4 basis points to 2.51%, and the 30-year AAA MMD rose 2 basis points to 3.07%.
- The municipal bond volume for the week of March 12th is approximately \$6.2 billion of long-term bonds, consisting of \$3.8 billion in negotiated deals and \$2.4 billion in competitive sales.
 - The current new issue supply is down approximately 33.8% from the supply level this time last year.
- Municipal bond funds saw inflows of \$406.8 million in the week ended March 7th, following outflows of \$590.9 million in the week prior.
- The February employment report was released last week and outperformed the consensus with nonfarm payrolls up by 313,000. The February Consumer Price Index released this week met expectations with a 0.2% increase.
- Data released by the Bond Buyer last week detailed the amount of outstanding municipal debt increased by \$42 billion in the 4th quarter of 2017, which is the highest amount of outstanding municipal debt since the third quarter of 2013.

MUNICIPAL MARKET TRENDS

Term	Tax-Exempt				Taxable			Swap Rates			
	AAA	AA	A	BAA	Term	UST	AAA	Term	LIBOR	SIFMA	SIFMA/LIBOR
1 Yr	1.46%	1.49%	1.67%	1.94%	1 Yr	2.024%	2.12%	1 Mo/1 Wk	1.750%	1.130%	64.571%
2 Yr	1.58%	1.63%	1.85%	2.15%	2 Yr	2.260%	2.37%	3 Mo	2.089%	-	-
3 Yr	1.70%	1.77%	2.02%	2.34%	3 Yr	2.421%	2.47%	6 Mo	2.269%	-	-
4 Yr	1.86%	1.94%	2.22%	2.54%	5 Yr	2.628%	2.91%	1 Yr	2.373%	1.567%	66.035%
5 Yr	2.01%	2.11%	2.43%	2.74%	7 Yr	2.782%	3.19%	5 Yr	2.793%	2.038%	72.968%
10 Yr	2.51%	2.04%	3.01%	3.36%	10 Yr	2.857%	3.47%	10 Yr	2.910%	2.270%	78.007%
30 Yr	3.07%	3.29%	3.58%	3.90%	30 Yr	3.122%	3.82%	30 Yr	2.982%	2.533%	84.943%



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