

ACACIA'S MUNICIPAL MARKET UPDATE



MAY 1, 2018

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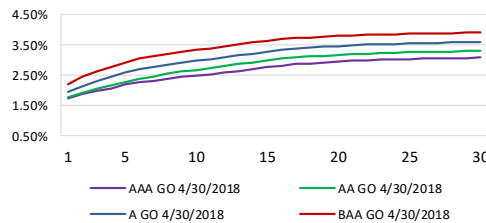
MARKET COMMENTARY

- From Monday to Monday, the 10-year AAA MMD benchmark rose 1 basis point to 2.49%, while the 30-year AAA MMD rose 4 basis points to 3.09%.
- The municipal bond volume for the week of April 30th is approximately \$4.3 billion of long-term bonds, consisting of \$3.0 billion in negotiated deals and \$1.3 billion in competitive sales.
 - The current new issue supply is down approximately 23.3% from the supply level this time last year.
- Municipal bond funds saw inflows of \$229.5 million in the week ended April 25th, the first week of inflows in 3 weeks, following outflows of \$515.2 million in the week prior.
- Real Gross Domestic Product was released last week and came in above the consensus of 2.0% at 2.3%.
- The May FOMC meeting will be held today and tomorrow and market participants believe the Fed will hold off raising rates until the June meeting.

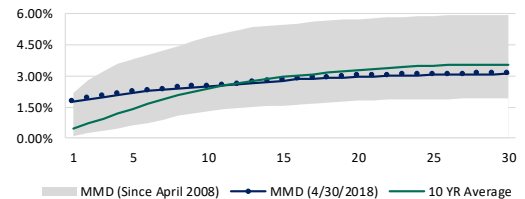
MUNICIPAL MARKET TRENDS

Term	Tax-Exempt				Term	Taxable			Swap Rates		
	AAA	AA	A	BAA		UST	AAA	Term	LIBOR	SIFMA	SIFMA/LIBOR
1 Yr	1.74%	1.77%	1.95%	2.22%	1 Yr	2.242%	2.37%	1 Mo/1 Wk	1.909%	1.750%	91.671%
2 Yr	1.87%	1.92%	2.14%	2.44%	2 Yr	2.504%	2.65%	3 Mo	2.363%	-	-
3 Yr	1.99%	2.06%	2.31%	2.63%	3 Yr	2.646%	2.80%	6 Mo	2.512%	-	-
4 Yr	2.08%	2.17%	2.45%	2.77%	5 Yr	2.814%	3.13%	1 Yr	2.551%	1.678%	65.778%
5 Yr	2.19%	2.29%	2.61%	2.92%	7 Yr	2.927%	3.31%	5 Yr	2.927%	2.115%	72.258%
10 Yr	2.49%	2.04%	2.98%	3.33%	10 Yr	2.970%	3.51%	10 Yr	2.997%	2.291%	76.443%
30 Yr	3.09%	3.31%	3.60%	3.92%	30 Yr	3.132%	3.76%	30 Yr	3.019%	2.517%	83.372%

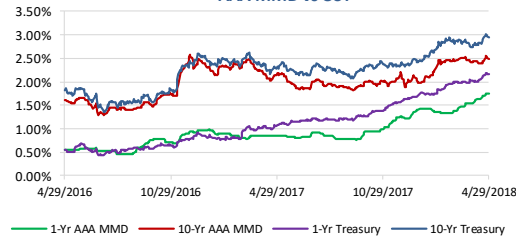
MMD Yield Curves



AAA MMD Yield Range



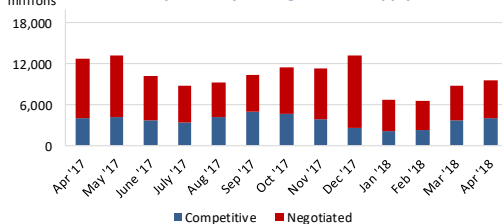
AAA MMD vs UST



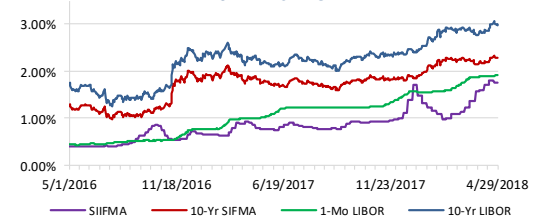
Ratio of AAA MMD vs UST



30-Day Monthly Average Visible Supply



SIFMA vs LIBOR



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