

# ACACIA'S MUNICIPAL MARKET UPDATE



MAY 23, 2018

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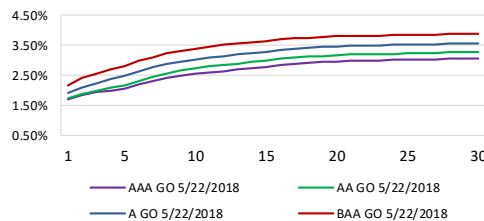
## MARKET COMMENTARY

- From Monday to Monday, the 10-year AAA MMD benchmark rose 10 basis points to 2.55%, while the 30-year AAA MMD rose 11 basis points to 3.07%.
- The municipal bond volume for the week of May 21<sup>st</sup> is approximately \$6.6 billion of long-term bonds, consisting of \$5.2 billion in negotiated deals and \$1.4 billion in competitive sales.
  - The current new issue supply is down approximately 21.7% from the supply level this time last year.
- Municipal bond funds saw inflows of \$206.9 million in the week ended May 16<sup>th</sup>, following inflows of \$167.3 million in the week prior.
- The May FOMC meeting minutes will be released on May 23<sup>rd</sup>, and although the Fed decided to not make any rate changes, the minute could provide insight on the Fed's intentions to raise rates later on in the year.
- This week's economic indicators consist of new home sales, existing home sales, and jobless claims.

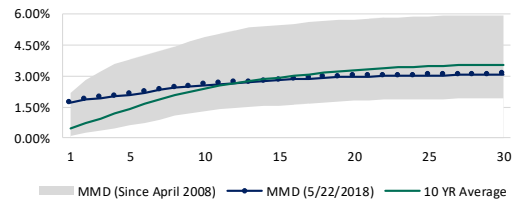
## MUNICIPAL MARKET TRENDS

Tax-Exempt					Taxable			Swap Rates			
Term	AAA	AA	A	BAA	Term	UST	AAA	Term	LIBOR	SIFMA	SIFMA/LIBOR
1 Yr	1.71%	1.73%	1.91%	2.18%	1 Yr	2.320%	2.44%	1 Mo/1 Wk	1.965%	1.380%	70.229%
2 Yr	1.85%	1.89%	2.11%	2.41%	2 Yr	2.565%	2.73%	3 Mo	2.330%	-	-
3 Yr	1.94%	2.00%	2.25%	2.57%	3 Yr	2.694%	2.91%	6 Mo	2.499%	-	-
4 Yr	2.01%	2.09%	2.37%	2.69%	5 Yr	2.852%	3.22%	1 Yr	2.564%	1.604%	62.559%
5 Yr	2.08%	2.17%	2.49%	2.80%	7 Yr	2.963%	3.44%	5 Yr	2.953%	2.069%	70.064%
10 Yr	2.55%	2.04%	3.04%	3.39%	10 Yr	3.012%	3.67%	10 Yr	3.041%	2.297%	75.534%
30 Yr	3.07%	3.28%	3.57%	3.89%	30 Yr	3.162%	3.90%	30 Yr	3.063%	2.525%	82.436%

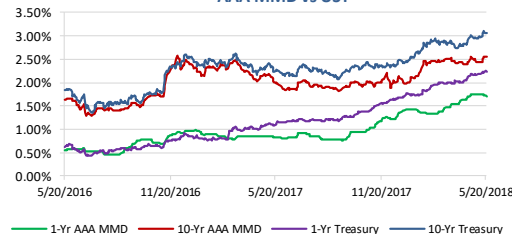
MMD Yield Curves



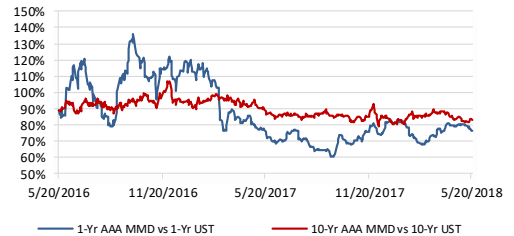
AAA MMD Yield Range



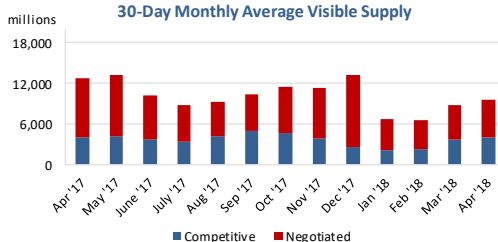
AAA MMD vs UST



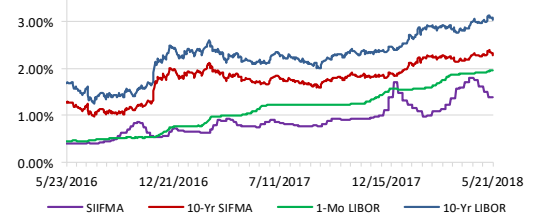
Ratio of AAA MMD vs UST



30-Day Monthly Average Visible Supply



SIFMA vs LIBOR



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