

ACACIA'S MUNICIPAL MARKET UPDATE



MAY 9, 2018

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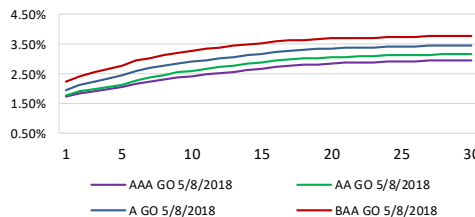
MARKET COMMENTARY

- From Monday to Monday, the 10-year AAA MMD benchmark fell 6 basis points to 2.43%, while the 30-year AAA MMD fell 12 basis points to 2.97%.
- The municipal bond volume for the week of May 7th is approximately \$6.7 billion of long-term bonds, consisting of \$5.0 billion in negotiated deals and \$1.7 billion in competitive sales.
 - The current new issue supply is down approximately 23.4% from the supply level this time last year.
- Municipal bond funds saw outflows of \$344.7 million in the week ended May 2nd, following inflows of \$229.5 million in the week prior.
- The April unemployment rate released last week came in at 3.9%, the first time it has dropped below 4% since 2000.
- The May FOMC minutes released last week detailed that the Fed decided to hold off on raising rates, however, market indicators are showing close to a 100% probability for a June increase.

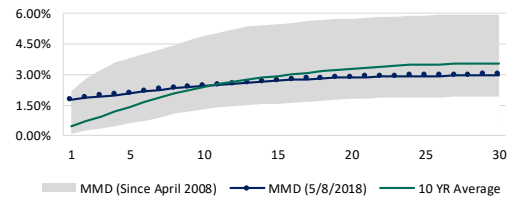
MUNICIPAL MARKET TRENDS

Tax-Exempt					Taxable			Swap Rates			
Term	AAA	AA	A	BAA	Term	UST	AAA	Term	LIBOR	SIFMA	SIFMA/LIBOR
1 Yr	1.75%	1.78%	1.96%	2.23%	1 Yr	2.241%	2.37%	1 Mo/1 Wk	1.928%	1.610%	83.506%
2 Yr	1.86%	1.91%	2.13%	2.43%	2 Yr	2.518%	2.67%	3 Mo	2.369%	-	-
3 Yr	1.92%	1.99%	2.24%	2.56%	3 Yr	2.671%	2.83%	6 Mo	2.520%	-	-
4 Yr	1.99%	2.07%	2.35%	2.67%	5 Yr	2.828%	3.15%	1 Yr	2.571%	1.679%	65.305%
5 Yr	2.06%	2.15%	2.47%	2.78%	7 Yr	2.945%	3.33%	5 Yr	2.952%	2.115%	71.646%
10 Yr	2.43%	2.04%	2.91%	3.26%	10 Yr	2.995%	3.57%	10 Yr	3.033%	2.312%	76.228%
30 Yr	2.97%	3.18%	3.47%	3.79%	30 Yr	3.144%	3.81%	30 Yr	3.053%	2.535%	83.033%

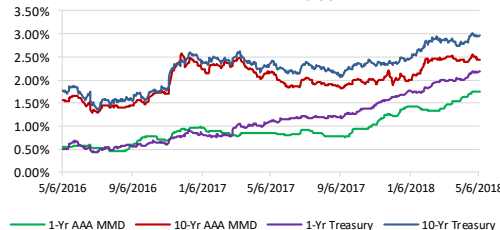
MMD Yield Curves



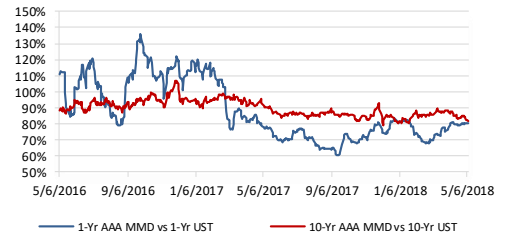
AAA MMD Yield Range



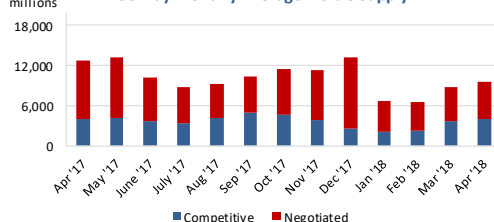
AAA MMD vs UST



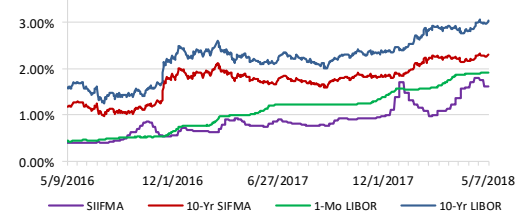
Ratio of AAA MMD vs UST



30-Day Monthly Average Visible Supply



SIFMA vs LIBOR



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