

ACACIA'S MUNICIPAL MARKET UPDATE



JUNE 13, 2017

CELEBRATING
10
Years

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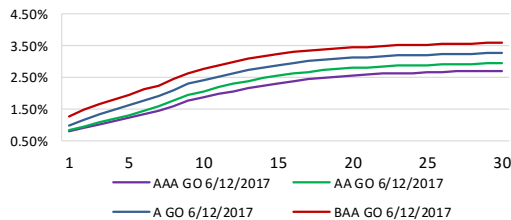
MARKET COMMENTARY

- From Monday to Monday, the 10-year AAA MMD benchmark rose two basis points to 1.88%, while the 30-year AAA MMD benchmark rose three basis points to 2.72%.
- The municipal bond volume for the week of June 12th is approximately \$6.01 billion of long-term bonds, consisting of \$4.93 billion in negotiated deals and \$1.08 billion in competitive sales.
- Municipal bond funds saw inflows of \$985.092 million for the week ended June 7th, following outflows of \$50.837 million in the week prior.
- This week several economic indicators will be released including the Consumer Price Index, Producer Price Index, and Housing Starts. In addition, The FOMC will also be releasing the minutes from their meeting this week with market participants expecting a rise in short-term rates.
- Last week, there was an indication of deregulation of certain aspects of Dodd-Frank, with the House passing the Financial Choice Act.

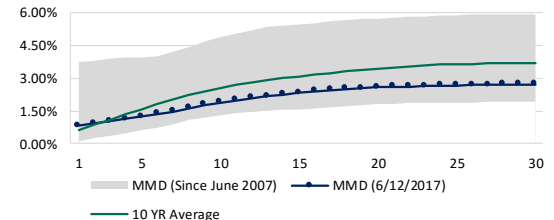
MUNICIPAL MARKET TRENDS

| Term | Tax-Exempt | | | | Term | Taxable | | | Swap Rates | | |
|-------|------------|-------|-------|-------|-------|---------|-------|-----------|------------|--------|-------------|
| | AAA | AA | A | BAA | | UST | AAA | Term | LIBOR | SIFMA | SIFMA/LIBOR |
| 1 Yr | 0.82% | 0.84% | 1.01% | 1.28% | 1 Yr | 1.196% | 1.37% | 1 Mo/1 Wk | 1.127% | 0.740% | 65.661% |
| 2 Yr | 0.93% | 0.97% | 1.19% | 1.49% | 2 Yr | 1.355% | 1.56% | 3 Mo | 1.236% | - | - |
| 3 Yr | 1.03% | 1.09% | 1.34% | 1.66% | 3 Yr | 1.486% | 1.74% | 6 Mo | 1.417% | - | - |
| 4 Yr | 1.13% | 1.21% | 1.49% | 1.81% | 5 Yr | 1.778% | 2.23% | 1 Yr | 1.400% | 0.922% | 65.857% |
| 5 Yr | 1.24% | 1.33% | 1.63% | 1.94% | 7 Yr | 2.022% | 2.54% | 5 Yr | 1.853% | 1.408% | 75.985% |
| 10 Yr | 1.88% | 2.04% | 2.42% | 2.77% | 10 Yr | 2.214% | 2.91% | 10 Yr | 2.163% | 1.724% | 79.704% |
| 30 Yr | 2.72% | 2.95% | 3.27% | 3.59% | 30 Yr | 2.869% | 3.64% | 30 Yr | 2.434% | 2.098% | 86.196% |

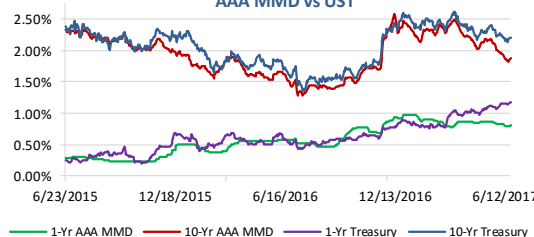
MMD Yield Curves



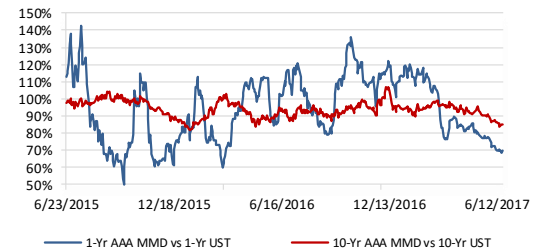
MMD Yield Range



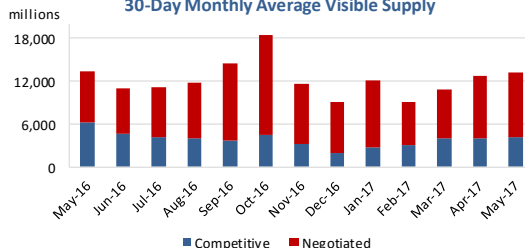
AAA MMD vs UST



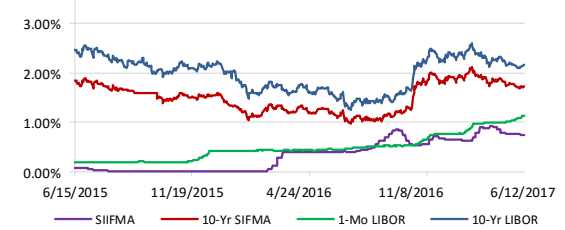
Ratio of AAA MMD vs UST



30-Day Monthly Average Visible Supply



SIFMA vs LIBOR



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