

ACACIA'S MUNICIPAL MARKET UPDATE



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MARKET COMMENTARY

- From Monday to Monday, the 10-year AAA MMD benchmark rose 3 basis point to 2.45%, while the 30-year AAA MMD rose 5 basis points to 3.01%.
- The municipal bond volume for the week of July 30th is approximately \$5.0 billion of long-term bonds, consisting of \$4.1 billion in negotiated deals and \$926 million in competitive sales.
 - The current new issue supply is down approximately 15.7% from the supply level this time last year.
- Municipal bond funds saw inflows of \$550 million in the week ended July 25th, following inflows of \$1.3 billion in the week prior.
- The August Fed meeting is this week and market participants do not expect the Fed to raise rates. However, there is a 90% probability of a rate hike for the September meeting.
- The second quarter GDP report was released last week and increased to 4.1% from the first quarter's 2.2%.
- This week's economic indicators consist of Pending Home Sales Index, Personal Income and Outlays, Employment Cost, Employment Report, PMI Manufacturing Index, and the FOMC meeting announcement.

MUNICIPAL MARKET TRENDS

Term	Tax-Exempt				Taxable			Swap Rates			
	AAA	AA	A	BAA	Term	UST	AAA	Term	LIBOR	SIFMA	SIFMA/LIBOR
1 Yr	1.45%	1.46%	1.64%	1.91%	1 Yr	2.427%	2.52%	1 Mo/1 Wk	2.082%	0.940%	45.149%
2 Yr	1.61%	1.64%	1.86%	2.16%	2 Yr	2.682%	2.80%	3 Mo	2.343%	-	-
3 Yr	1.75%	1.80%	2.05%	2.37%	3 Yr	2.786%	2.91%	6 Mo	2.531%	-	-
4 Yr	1.86%	1.92%	2.20%	2.52%	5 Yr	2.882%	3.06%	1 Yr	2.678%	1.655%	61.800%
5 Yr	1.96%	2.03%	2.34%	2.66%	7 Yr	2.965%	3.31%	5 Yr	2.978%	2.047%	68.737%
10 Yr	2.45%	2.04%	2.92%	3.27%	10 Yr	3.006%	3.51%	10 Yr	3.027%	2.230%	73.670%
30 Yr	3.01%	3.21%	3.50%	3.82%	30 Yr	3.133%	4.01%	30 Yr	3.039%	2.460%	80.948%

