

# ACACIA'S MUNICIPAL MARKET UPDATE



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## MARKET COMMENTARY

- From Monday to Monday, the 10-year AAA MMD benchmark increased by 5 basis points to 2.61%, while the 30-year AAA MMD benchmark increased by 7 basis points to 3.24%.
- The municipal bond volume for the week of September 24<sup>th</sup> is approximately \$3.1 billion of long-term bonds, consisting of \$1.8 billion in negotiated deals and \$1.3 billion in competitive sales.
  - The current new issue supply is down approximately 12.8% from the supply level this time last year.
- Municipal bond funds saw inflows of \$140.8 million in the week ended September 19<sup>th</sup>, following outflows of \$136.5 million in the week prior.
- The September FOMC meeting will be held this week and while market participants are expecting the third rate hike of the year, many will be focused on rate hike predictions for 2019.
- Although the market is quiet prior to the FOMC meeting, there are some market concerns regarding the President's most recent imposition of another tariff on over \$200 billion worth of Chinese goods.
- This week's economic indicators consist of FHFA House Price Index and Consumer Confidence.

## MUNICIPAL MARKET TRENDS

Term	Tax-Exempt				Taxable			Swap Rates			
	AAA	AA	A	BAA	Term	UST	AAA	Term	LIBOR	SIFMA	SIFMA/LIBOR
1 Yr	1.88%	1.89%	2.07%	2.34%	1 Yr	2.572%	2.69%	1 Mo/1 Wk	2.216%	1.480%	66.787%
2 Yr	1.95%	1.98%	2.20%	2.50%	2 Yr	2.835%	2.94%	3 Mo	2.373%	-	-
3 Yr	2.02%	2.07%	2.32%	2.64%	3 Yr	2.913%	3.04%	6 Mo	2.592%	-	-
4 Yr	2.10%	2.16%	2.44%	2.76%	5 Yr	2.980%	3.28%	1 Yr	2.787%	1.799%	64.550%
5 Yr	2.19%	2.26%	2.57%	2.89%	7 Yr	3.057%	3.49%	5 Yr	3.106%	2.180%	70.187%
10 Yr	2.61%	2.04%	3.08%	3.43%	10 Yr	3.096%	3.69%	10 Yr	3.153%	2.346%	74.405%
30 Yr	3.24%	3.44%	3.73%	4.05%	30 Yr	3.230%	4.10%	30 Yr	3.164%	2.601%	82.206%

