

ACACIA'S MUNICIPAL MARKET UPDATE



SEPTEMBER 5, 2018

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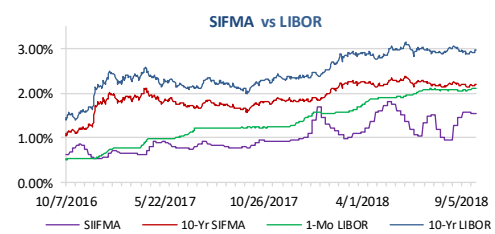
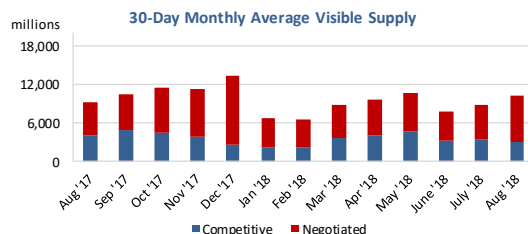
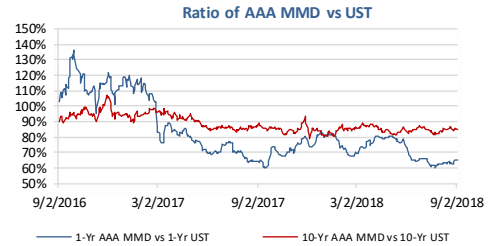
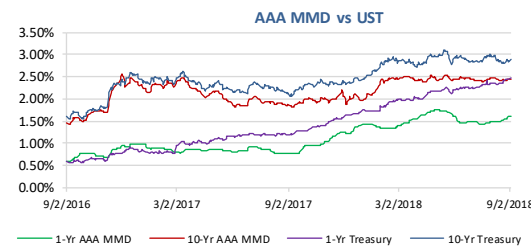
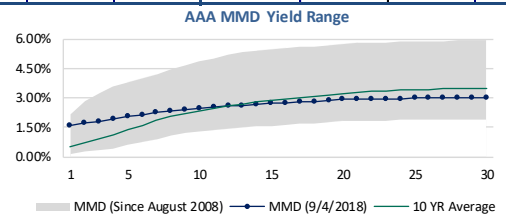
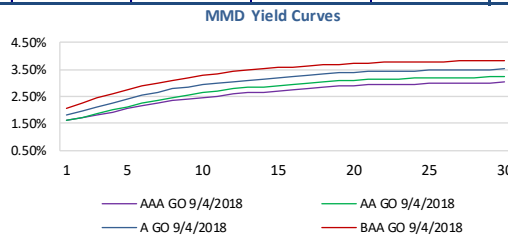
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MARKET COMMENTARY

- From Monday to Tuesday, both the 10-year and 30-year AAA MMD benchmark increased by 3 basis points to 2.46% and 3.03%, respectively.
- The municipal bond volume for the week of September 4th is approximately \$4.1 billion of long-term bonds, consisting of \$2.1 billion in negotiated deals and \$2.0 billion in competitive sales.
 - The current new issue supply is down approximately 15.0% from the supply level this time last year.
- Municipal bond funds saw inflows of \$212 million in the week ended August 29th, following inflows of \$378 million in the week prior.
- Second quarter GDP was released last week, which detailed a revised increase of 0.2% to 4.2%.
- Last week it was reported that the US and Mexico had reached a preliminary agreement on NAFTA, while Canada has not yet committed to the agreement.
- The economic indicators are light for this week consisting of International Trade, PMI Manufacturing Index and Construction Spending.

MUNICIPAL MARKET TRENDS

Tax-Exempt					Taxable			Swap Rates			
Term	AAA	AA	A	BAA	Term	UST	AAA	Term	LIBOR	SIFMA	SIFMA/LIBOR
1 Yr	1.61%	1.62%	1.80%	2.07%	1 Yr	2.468%	2.59%	1 Mo/1 Wk	2.120%	1.560%	73.585%
2 Yr	1.71%	1.74%	1.96%	2.26%	2 Yr	2.649%	2.79%	3 Mo	2.323%	-	-
3 Yr	1.82%	1.87%	2.12%	2.44%	3 Yr	2.716%	2.87%	6 Mo	2.539%	-	-
4 Yr	1.94%	2.00%	2.28%	2.60%	5 Yr	2.767%	3.07%	1 Yr	2.671%	1.725%	64.583%
5 Yr	2.04%	2.11%	2.42%	2.74%	7 Yr	2.847%	3.27%	5 Yr	2.901%	2.037%	70.217%
10 Yr	2.46%	2.04%	2.93%	3.28%	10 Yr	2.900%	3.50%	10 Yr	2.965%	2.200%	74.199%
30 Yr	3.03%	3.23%	3.52%	3.84%	30 Yr	3.073%	3.99%	30 Yr	3.003%	2.467%	82.151%



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