

ACACIA'S MUNICIPAL MARKET UPDATE



MAY 15, 2017

CELEBRATING
10
Years

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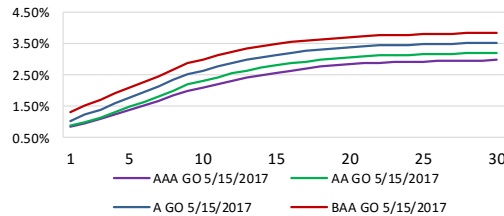
MARKET COMMENTARY

- From Monday to Monday, the 10-year AAA MMD benchmark fell six basis points to 2.11%, while the 30-year AAA MMD benchmark fell five basis points to 2.98%.
- The municipal bond volume for the week of May 15th is approximately \$8.79 billion of long-term bonds, consisting of \$7.17 billion in negotiated deals and \$1.62 billion in competitive sales.
- For the fifth straight week, Municipal bond funds saw inflows of \$606 million for the week ended May 10th, following inflows of \$128 million in the week prior.
- Movement in tax-exempt yields continues to “bake-in” a June increase while taking into consideration continued domestic uncertainty, most recently the firing of FBI director, James Comey. Retail sales and Consumer Price Index (“CPI”) released on Friday came in weaker than expected with only a 0.4% increase in retail sales and a 0.2% increase in CPI.

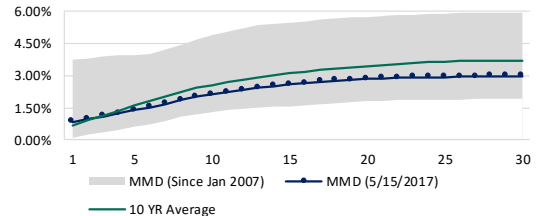
MUNICIPAL MARKET TRENDS

Tax-Exempt					Taxable			Swap Rates			
Term	AAA	AA	A	BAA	Term	UST	AAA	Term	LIBOR	SIFMA	SIFMA/LIBOR
1 Yr	0.85%	0.87%	1.04%	1.31%	1 Yr	1.104%	1.260%	1 Mo/1 Wk	0.992%	0.790%	79.637%
2 Yr	0.96%	1.01%	1.23%	1.53%	2 Yr	1.299%	1.500%	3 Mo	1.180%	-	-
3 Yr	1.09%	1.15%	1.40%	1.72%	3 Yr	1.495%	1.730%	6 Mo	1.437%	-	-
4 Yr	1.23%	1.31%	1.59%	1.91%	5 Yr	1.862%	2.160%	1 Yr	1.357%	0.922%	67.944%
5 Yr	1.38%	1.48%	1.78%	2.09%	7 Yr	2.146%	2.680%	5 Yr	1.914%	1.473%	76.959%
10 Yr	2.11%	2.30%	2.65%	3.00%	10 Yr	2.343%	3.040%	10 Yr	2.255%	1.824%	80.887%
30 Yr	2.98%	3.21%	3.53%	3.85%	30 Yr	3.006%	3.780%	30 Yr	2.528%	2.217%	87.698%

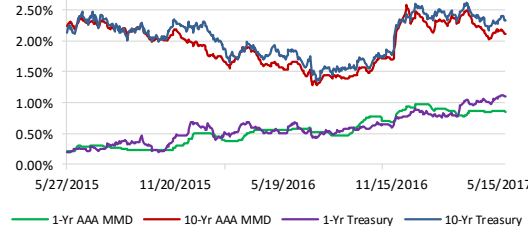
MMD Yield Curves



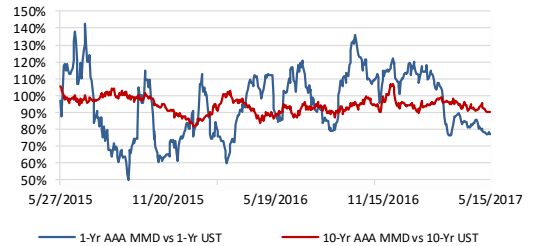
MMD Yield Range



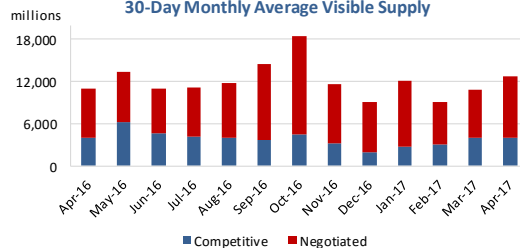
AAA MMD vs UST



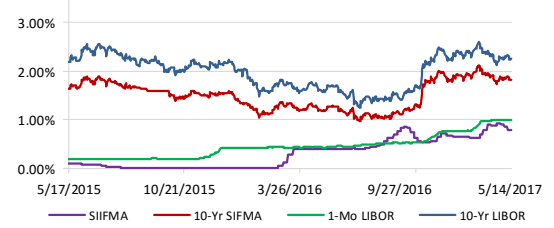
Ratio of AAA MMD vs UST



30-Day Monthly Average Visible Supply



SIFMA vs LIBOR



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