

ACACIA'S MUNICIPAL MARKET UPDATE



DECEMBER 17TH, 2021

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MARKET COMMENTARY

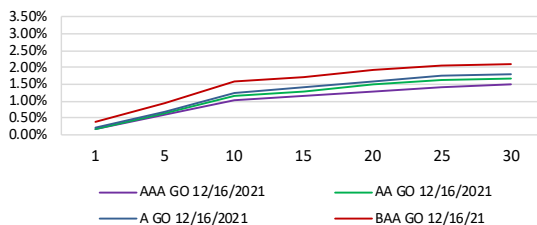
- The Federal Reserve meeting on Wednesday, December 15th explained they plan to free the central bank to start raising interest rates from zero by speeding up the wind-down of its bond buying program, changing the end date from June to March. A new forecast is expected to be released showing two or three interest rate increases in 2022 and an additional three to four in 2023.
- From December 9th to December 16th, AAA MMD remained steady across the curve.
- MMD/UST ratios for the 5Y, 10Y and 30Y finished at approximately 51%, 72% and 80%, respectively.
- For the week ending December 15th, municipal bond funds experienced inflows of \$764 million after reporting inflows of \$804 million the previous week.
- Total supply for this week is expected to finish at approximately \$8.5 billion, composed of \$8.1 billion in negotiated deals and \$367 million in competitive sales.
- SIFMA increased 3bp this week to 0.09%.

MUNICIPAL MARKET TRENDS

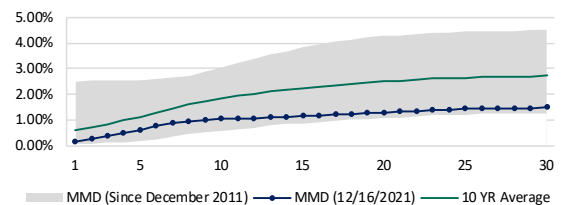
Market Movement

	12/16/2021	12/9-12/16	11/16-12/16	12/31-12/16
	Current	Change Over the Last Week	Change Over the Past Month	Change YTD
5-year UST	1.17%	-10 bps	-9 bps	81 bps
10-year UST	1.43%	-7 bps	-10 bps	52 bps
30-year UST	1.86%	-2 bps	-15 bps	21 bps
5-year MMD	0.60%	0 bps	-2 bps	38 bps
10-year MMD	1.03%	0 bps	-8 bps	32 bps
30-year MMD	1.48%	0 bps	-8 bps	9 bps
5-year MMD / UST	51.28%	8.55%	4.22%	-16.08%
10-year MMD / UST	72.03%	4.90%	-0.72%	-7.68%
30-year MMD / UST	79.57%	1.08%	2.52%	-5.55%

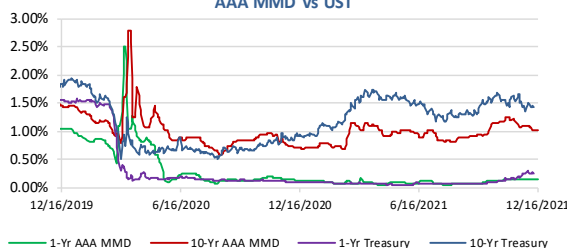
MMD Yield Curves



AAA MMD Yield Range



AAA MMD vs UST



Ratio of AAA MMD vs UST

