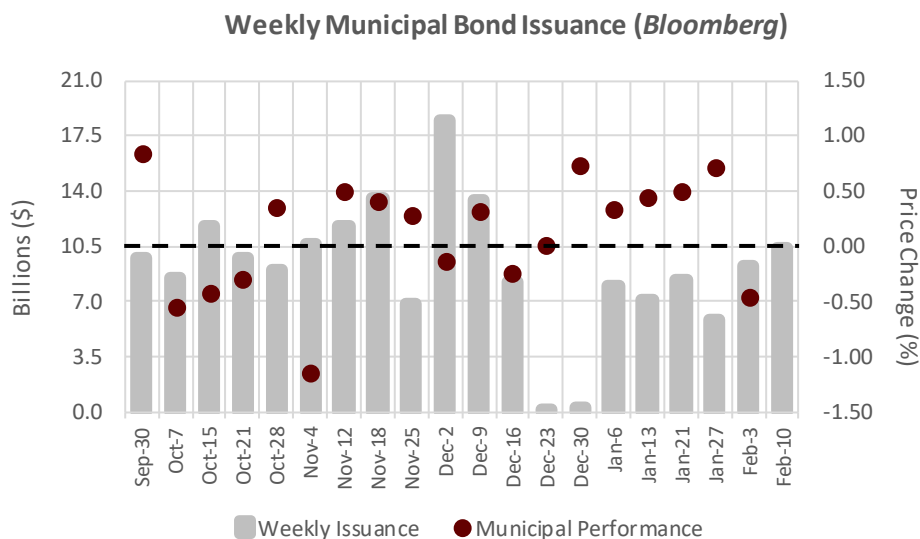


MARKET INSIGHT

2:00pm ET, February 7, 2020

• **Key Takeaways:**

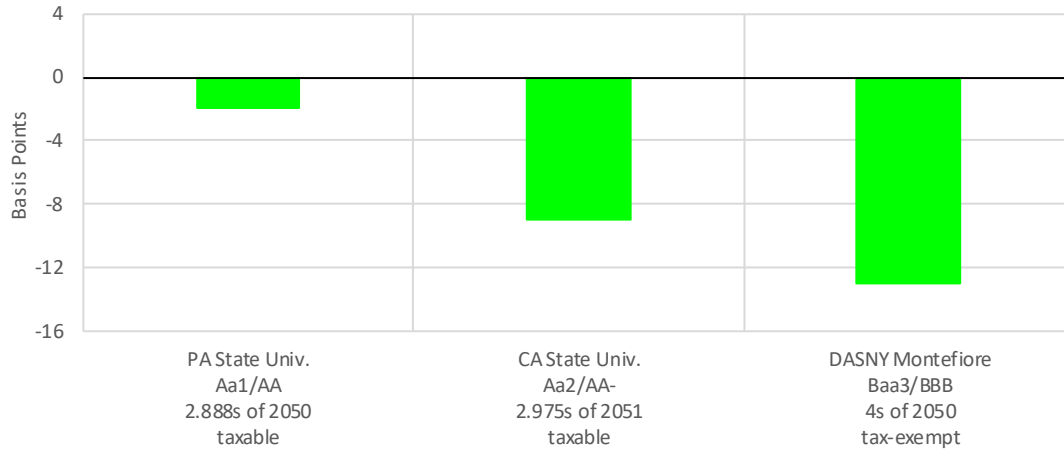
- Municipals improved with haven assets today as benchmark yields were 2-3 basis points lower across the curve.
 - Next week’s primary market calendar grows to roughly \$10.4B, as NYC prepares to price over \$1.0B GO bonds.
 - Yesterday, municipal bids wanted par dropped to \$557M, a 37% decline from Wednesday’s number.
 - Lipper reported inflows for the 57th consecutive time, with \$1.6B into municipal bond mutual funds for the week ended Feb. 5.
- Next week’s calendar is expected to be the heaviest since the week of December 9th, with \$10.4B in municipal bonds scheduled to hit the screens. The performance for this week (Feb. 3), is excluding today’s strength:



• **SECONDARY TRADING OF RECENTLY ISSUED BONDS:**

The graph below tracks institutional trading levels of bonds from three of this week’s largest primary market deals compared to their original yields. Below we list the deals and maturities used.

Secondary Breaks (BPs)-- Week of Feb. 3-- Solid Demand



On Tuesday, the **Pennsylvania State Univ.** priced a \$411M offering; Aa1/AA/NR/NR; the taxable series consists of \$331M bonds; subject to make whole call; the taxable 30-yr bond, priced at par with a 2.888% coupon, traded in block size at 2.866% today.

On Wednesday, BAML priced \$830M taxable systemwide revenue bonds for the **Trustees of the CA State University**; Aa2/AA-/NR/NR; callable at par in 5/1/2030; the taxable bond in 2051, priced at par with a 2.975% coupon, traded in block size at 2.89% today.

On Wednesday, BAML priced \$356M Montefiore Obligated Group revenue bonds for **DASNY**; Baa3/BBB/NR/NR; except bonds in 2050 are AGM insured (A2/AA/NR/NR); callable at par in 3/1/2030; today, the 30-yr bond with a 4% coupon traded in block size at 2.63% compared to an original yield of 2.76%.

- **PRIMARY MARKETS:** A list of next week's largest scheduled deals:

Amt (\$MM)	Issuer	Credit	Ratings (M/S&P/F/K)	Structure	Dealer
1,087	New York City, NY	GO	Aa1/AA/AA/NR	20-'35	Citigroup
809	Grand Parkway Trans Corp., TX	First Tier Toll Rev Ref	A2/NR/A+/NR	32-'50	Goldman
652	Grand Parkway Trans Corp., TX	Taxable First Tier Toll Rev Ref	Aa1/NR/AA/NR	26-'50	BAML
620	Washington	GO	Aaa/AA+/AA+/NR	21-'45	Comp
120	Washington	GO	Aaa/AA+/AA+/NR	21-'45	Comp
60	Washington	GO	Aaa/AA+/AA+/NR	21-'45	Comp
450	Utah	GO	NR/AAA/AAA/NR	20-'34	Wells
299	Roanoke, VA Eco Dev Auth	Carilion Clinic Hospital Rev	Aa3/AA-/NR/NR	NA	Barclays
296	Honolulu, HI	GO (Rail Transit Proj)	App/NR/App/NR	20-'44	BAML
218	West Linn-Wilsonville School Dist No. 3JT, OR	GO	NA	NA	Piper Sandler

- **On the economic front:**

- Change in Nonfarm Payrolls: January: 225k vs. December: 147k (forecast: 165k)
- Unemployment Rate: January: 3.6% vs. December: 3.5% (forecast: 3.5%)
- Wholesale Inventories: December: -0.2% vs. November: -0.1% (forecast: -0.1%)

- Government bonds rallied across the curve, with the largest gains out long:
 - As of 1:30pm eastern, two-year notes yielded 1.40% versus 1.45% yesterday, 10-year notes traded at 1.57%, after an intra-day high of 1.65% and an intra-day low of 1.57%, while 30-year bonds yielded 2.04% after an intra-day high of 2.11% and an intra-day low of 2.03%.

- Secondary markets (trades from **TMC** via **MSRB** reporting):

*COLUMBUS, OH GO (Aaa/AAA) 5s of 2021 NC **0.84%** (BVAL YEST: 0.88%)

*MARYLAND GO (Aaa/AAA) 5s of 2025 NC **0.93%** (BLOCK TRADE YEST: 0.96%)

*FAIRFAX CO., VA GO (Aaa/AAA) 5s of 2030 C29 **1.24%** (BVAL YEST: 1.28%)

*WISCONSIN GO (Aa1/AA) 5s of 2035 C30 **1.53%** (BVAL YEST: 1.61%)

*DASNY PIT (Aa1/NA) 4s of 2040 C30 **2.07%** (BVAL YEST: 2.10%)

*DASNY Montefiore Group (Baa3/BBB) 4s of 2045 C30 **2.55%** (ORIG: 2.66%)

*ESCAMBIA CO., FL BAPTIST HLTH (Baa2/BBB+) 4s of 2050 C30 **2.67%** (BLOCK TRADE YEST: 2.75%)

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