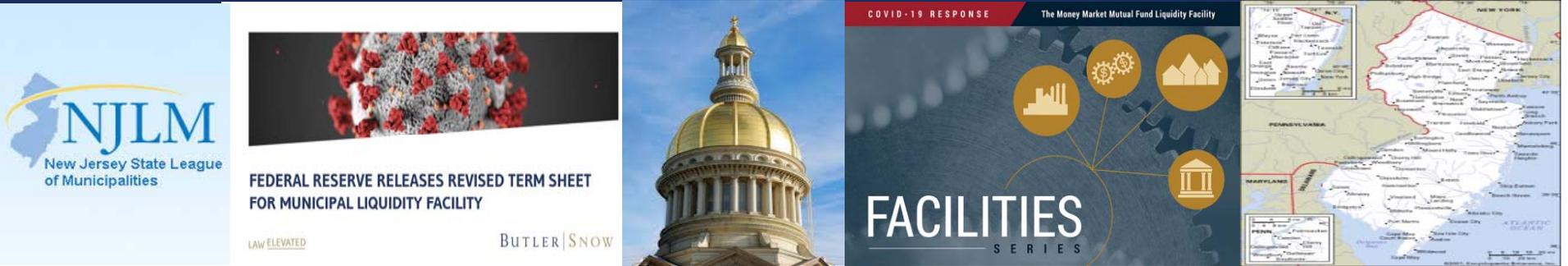


THE NEW JERSEY STATE LEAGUE OF MUNICIPALITIES



MARKET TRENDS

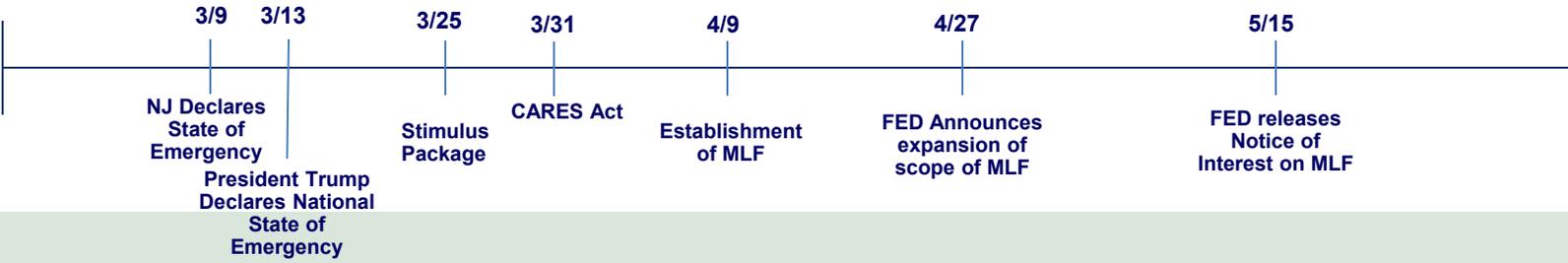
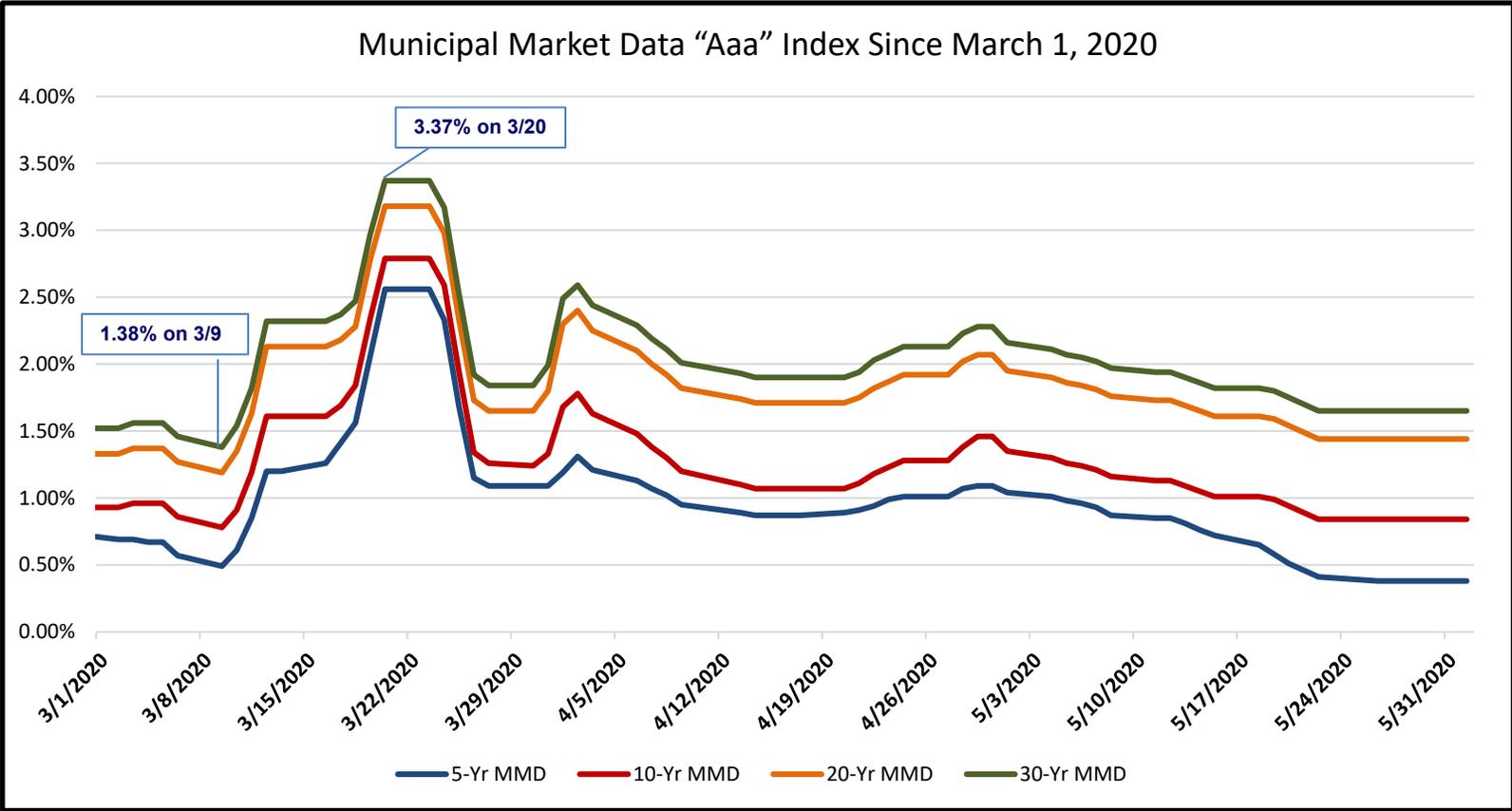
WEDNESDAY, JUNE 10, 2020



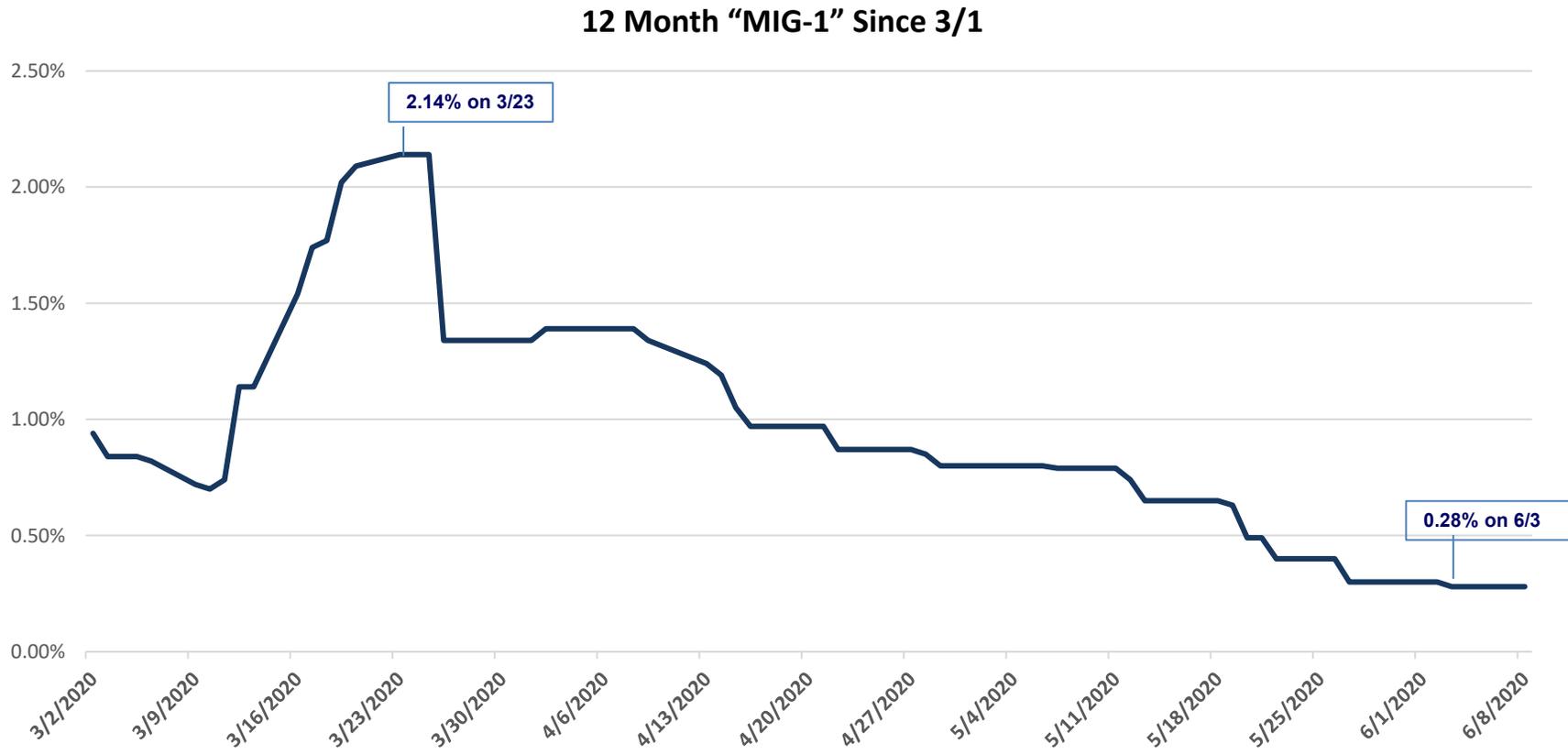
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Municipal Bond Market Trends



Short Term Market Trends



Municipal Market Movement

	6/9/2020	6/2-6/9	5/8-6/9	12/31-6/9
	Current	Change Over the Last Week	Change Over the Past Month	Change YTD
5-year UST	0.40%	8 bps	7 bps	-129 bps
10-year UST	0.83%	14 bps	15 bps	-109 bps
30-year UST	1.58%	10 bps	20 bps	-81 bps
5-year MMD	0.38%	0 bps	-49 bps	-71 bps
10-year MMD	0.88%	4 bps	-28 bps	-56 bps
30-year MMD	1.68%	3 bps	-29 bps	-41 bps
5-year MMD / UST	95.00%	-20.00%	-63.97%	47.29%
10-year MMD / UST	106.02%	-12.91%	-37.85%	41.37%
30-year MMD / UST	106.33%	-4.63%	-25.52%	21.59%

- The Labor Department reported that 2.5 million jobs were added to the U.S. economy, inserting considerable optimism into the market. Treasuries yields saw increases across the curve in reaction to the news.
- AAA MMD tax-exempt interest rates have declined by 51 to 61 basis points across the curve from May 1 to June 1.
- Municipal bonds experienced cuts across the MMD curve last week, as the 1-year and 30-year MMD both increased 5 basis points to 0.16% and 1.70%, respectively.
- Municipal bond funds reported inflows of \$1.21 billion last week after reporting inflows of \$1.09 billion the previous week. This marks the 4th consecutive week of inflows into the municipal bond market.
- New issue calendar for week of June 8th shows approximately \$9.0 billion in transactions, composed of \$6.0 billion tax-exempt and \$3.0 billion taxable. Supply estimates for this week surpassed \$9.8 billion, which was a 114% increase from last week.



Bond and Note Observations/Considerations

Bond/Note Sale Observations During Covid-19:

- Investors pulled a record \$12 billion out of the muni market following three straight weeks of outflows mid March
- Limited investor appetite caused by municipal market volatility
- Widening of spreads on long-term and short-term maturities for both taxable and tax-exempt securities
- Competitive sale underwriter takedowns had increased dramatically
- Net interest cost on BANs issued in the State of New Jersey ranged anywhere from 1.00% to 3.49% during mid-March through April; investors demanding short term credit ratings on BANs

Note Considerations:

- Prepare offering document for Note issuance
- Short-term rating on Notes
- Disclose existing long-term credit rating in notice of sale
- Allow winning bidder the option to get credit rating as a condition to purchase

Quiz Question

Secondary Market Disclosure Reminders

- ✓ **Determine whether you are in compliance with Secondary Market Disclosure requirements**
 - www.emma.msrb.org
 - Why is this important?
 - Have all audits, budgets and other filings been made timely?
 - Have rating changes been disclosed?
 - Are you subject to filing for newly added events #15 & #16?
 - (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;
 - NJIB, Regional Authority Financings, Leases
 - (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties;
 - Is the language written in your official statement regarding compliance up to date and accurate?

