



## Municipal Market Update (12/07/16)

The rebound in price (decline in yields) that we expected to occur in December is emerging. Right on cue, with 10-year maturity "Aaa"-rated tax-free yields equaling 108% of comparable maturity U.S. Treasury bonds, investors who do not normally purchase tax exempt bonds (corporate bond investors) seized the opportunity to capitalize on the relative attractiveness of the municipal bond market. In addition, the mutual fund selling is abating and money managers and individuals are actively purchasing bonds to invest monies that they have received from coupon payments, bond calls and maturing securities.

This activity has caused the Municipal to Treasury bond ratio to fall to roughly 101%. As we head into the end of the year, we strongly believe that the prior market dislocation continues to "repair" itself.

This, and a lot more will be covered in RSW's 2017 outlook anticipated to be published some time next week.

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