

MARKET INSIGHTS

Weekly Municipal Insight - December 4th

December 4, 2015 | Municipal Managers

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For the week ending December 4, 2015, although municipal yields changed little and saw a slightly flatter yield curve, they outperformed Treasuries across the entire yield curve.

Municipals recorded another week of in-flows. Weekly flows totaled \$365mm (including \$122mm into high yield municipal funds) bringing YTD flows into municipal funds to \$9.4bn.

Municipal bond funds reported \$365mn of inflows for the period ending 12/02/2015

Type of funds	Fund flows			Fund Assets	
	Actual	YTD Total	4-wk. avg.	Actual	4-wk. avg.
All term muni funds	365	9,362	459	603,813	601,373
New York	-12	-846	-7	30,392	30,299
California	36	2,075	44	61,523	61,325
National funds	459	9,126	625	442,378	440,391
High Yield	122	1,870	164	72,794	72,118
Intermediate	290	8,734	162	153,609	152,905
Long Term	113	5,578	309	331,987	330,320
Tax-exempt money market	2,460	-12,178	532	247,952	245,971
Taxable money market	18,493	10,766	4,543	2,353,094	2,342,989
Taxable Fixed Income	-2,546	-21,303	-2,842	3,993,652	3,992,701
Equity	-956	66,614	-1,151	9,239,214	9,239,024

Source: JP Morgan, Municipal Bond Analytics Package (12/7/15)

The Commonwealth of Puerto Rico paid its December 1 principal and interest payments, alleviating immediate concerns over potential defaults. However, Governor Alejandro Garcia Padilla expressed his intention to “claw back revenues pledged to certain bonds issued in order to maintain public services.” This is potentially a positive credit event for the Island’s general obligation (GO) bonds, which are issued with the full faith and credit backing of the Commonwealth’s Constitution.

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