

Municipal spotlight

October 2009

Municipal bond market overview

New issue supply	2008	2009	Change
September total	\$20.2 billion	\$25.5 billion	up 26%
September tax-exempt	\$18.5 billion	\$18.2 billion	down 2%
Year-to-date total	\$321.3 billion	\$285.2 billion	down 11%
Year-to-date fixed-rate	\$215.1 billion	\$251.0 billion	up 17%
Year-to-date tax-exempt	\$278.7 billion	\$235.9 billion	down 15%

Estimated reinvestment flows

(estimated maturing and called bonds plus coupon payments)

October	\$21.7 billion
November	\$18.2 billion
December	\$26.7 billion



Municipal bond yields snapshot	Dec 31 2004	Dec 31 2005	Dec 29 2006	Dec 31 2007	Dec 31 2008	Jun 30 2009	Aug 31 2009	Sep 30 2009
Fed Funds Target Rate	2.25	4.25	5.25	4.25	0 to 0.25	0 to 0.25	0 to 0.25	0 to 0.25
2-Year High Grade Muni	2.21	3.23	3.55	3.09	2.03	1.38	1.26	1.10
Percentage of US Treasury	72.0%	73.4%	73.8%	101.3%	264.3%	124.0%	129.6%	116.0%
10-Year High-Grade Muni	3.60	3.86	3.74	3.65	3.91	3.37	3.15	2.96
Percentage of US Treasury	85.3%	87.9%	79.5%	90.7%	176.6%	95.4%	92.7%	89.5%
30-Year High-Grade Muni	4.72	4.58	4.41	4.45	5.47	5.16	5.01	4.77
Percentage of US Treasury	97.8%	101.0%	91.7%	99.9%	204.4%	119.2%	119.9%	117.8%
Min maturity for 4% yield	15 years	13 years	16 years	15 years	11 years	13 years	15 years	16 years
Min maturity for 5% yield	NA	NA	NA	NA	18 years	24 years	29 years	NA

For additional information, please contact your Financial Advisor. Additionally, clients may access our most recent research reports by logging on to their Online Services account.

Sources: Thomson Reuters (New Issue Supply), MuniView (Estimated Reinvestment Flows), Bloomberg, Municipal Market Advisors, Inc. (Yields Snapshot). High-grade municipal yields based on The Consensus Municipal Bond 'Aaa' G.O. Yield Curve, courtesy of Municipal Market Advisors, Inc. Municipal yields are indicative of national tax-exempt rates; actual yields available in the market may have been lower or higher than those shown. Past performance is no guarantee of future results.

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