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## **Muni Sales Poised to Rise as Redemptions Slow; Fund Flows Drop.**

Municipal bond sales in the U.S. are set to increase in the next month while the amount of redemptions and maturing debt falls.

States and localities plan to issue \$10.2 billion of bonds over the next 30 days, according to data compiled by Bloomberg. A week ago, the calendar showed \$8.8 billion planned for the coming month. Supply figures exclude derivatives and variable-rate debt. Some municipalities set their deals less than a month before borrowing.

North Texas Tollway Authority plans to sell \$750 million of bonds, Illinois Finance Authority has scheduled \$468 million, Austin, Texas, will offer \$293 million and Lee Memorial Health System, Florida will bring \$277 million to market.

Municipalities have announced \$11.1 billion of redemptions and an additional \$12.9 billion of debt matures in the next 30 days, compared with the \$25.8 billion total that was scheduled a week ago.

Issuers from Florida have the most debt coming due with \$1.79 billion, followed by California at \$1.17 billion and New York with \$1.16 billion. Washington, D.C. has the biggest amount of securities maturing, with \$413 million.

The \$3.6 trillion municipal market shrank by 4 percent in 2014. This year, maturities are poised to drop 38 percent to \$176 billion from the 2014 levels.

Investors removed \$715 million from mutual funds that target municipal securities in the week ended August 26, compared with an increase of \$50 million in the previous period, according to Investment Company Institute data compiled by Bloomberg.

Exchange-traded funds that buy municipal debt fell by \$100.3 million last week, reducing the value of the ETFs by 0.58 percent to \$17.2 billion.

State and local debt maturing in 10 years now yields 105.209 percent of Treasuries, compared with 104.213 percent in the previous session and the 200-day moving average of 101.835 percent, Bloomberg data show.

Bonds of Tennessee and Michigan had the best performance over the past year compared with the average yield of AAA rated 10-year securities, the data shows. Yields on Tennessee's securities narrowed 15 basis points to 2.15 percent while Michigan's declined 6 basis points to 2.46 percent. Puerto Rico and Illinois handed investors the worst results. The yield gap on Puerto Rico bonds widened 110 to 11 percent and Illinois's rose 40 basis points to 4.20 percent.

**Bloomberg News**

by Kenneth Kohn

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