

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **Muni Market's \$14 Billion Calendar Hints at Year's Busiest Month.**

- **Calendar of new offerings jumps to highest since October**
- **Surge expected to come before market slowdown in July**

A week after Memorial Day and with the Fourth of July on the horizon, a summer haze is in full swing in New York as the temperature creeps up and city dwellers flock to the Hampton's on Friday afternoons. But municipal-bond traders shouldn't pack their bags just yet.

State and local governments are so far scheduled to issue about \$14 billion in municipal bonds over the next 30-days, a metric that usually captures less than half of what is actually issued because many deals are scheduled with less than a month's notice. It's the busiest calendar since October.

Muni-bond issuance poised for busiest month since October

One reason for the uptick could be that it's easier and cheaper for local governments to issue bonds around the end of the fiscal year, after they've wrapped up their new budgets, suggested Patrick Luby, a municipal strategist at CreditSights. June is typically among the busiest months for new debt sales, according to data compiled by Bloomberg.

"Issuers tend to get clumpy when they come to market at the end of the fiscal year or the end of the quarter when they're preparing their financial disclosures, it makes it less expensive to bring a new issue," he said.

This year, they can also seize on lower borrowing costs, which have tumbled among rising speculation that the Federal Reserve will cut interest rates this year. And over the summer months, the debt payments investors receive typically far exceed the volume of new securities sales, helping support the market as bondholders seek to reinvest the cash. Citigroup Inc.'s analysts estimate that investors will receive over \$90 billion more than they'll be able to reinvest, which they said is a "bullish signal" for a market that's already rallied this year.

While June tends to be a busy time for new debt issues, the pace typically slows considerably in July.

"Even if we get a nice little pick in June, it's not going to last in July," Luby said. "There's definitely the underwriting slowdown as people pack up and head to the beach after the Fourth."

### **Bloomberg Markets**

By Danielle Moran

June 4, 2019, 8:14 AM PDT