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Citi Top Muni Bond Underwriter in First-Quarter Amid Lagging Supply.

(Reuters) - Citigroup was the top underwriter of U.S. [municipal bonds](#) in the first quarter of 2014 as total supply shrank to \$60.4 billion, down 25.7 percent from the same period in 2013, Thomson Reuters reported on Tuesday.

The investment bank underwrote 75 deals totaling \$8.16 billion, according to the report. Bank of America [Merrill Lynch \(BAC.N\)](#) ranked second with 68 deals totaling \$6.17 billion.

Puerto Rico was the biggest issuer in the quarter with a \$3.5 billion bond sale last month aimed at shoring up the commonwealth's shaky finances. California ranked second with \$1.8 billion of [bonds](#).

Insured [bonds](#) totaled \$2.77 billion, up 28.4 percent from the first quarter of 2013. Assured Guaranty Municipal ([AGO.N](#)) and its subsidiary Municipal Assurance Corp held onto the top spot among insurers with 117 deals totaling \$1.43 billion. Build America Mutual ranked second with 135 deals totaling \$1.33 billion.

Meanwhile, bonds backed by letters of credit plummeted to \$402.8 million in the quarter, a 91.4 percent drop from the same period in 2013, Thomson Reuters reported. Royal Bank of Canada was the top provider, followed by the Bank of New York Mellon.