

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

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## **SIFMA US Research Quarterly, First Quarter 2014.**

A quarterly report containing brief commentary and statistics on the U.S. capital markets, including but not limited to: municipal debt, U.S. Treasury and agency debt, short-term funding and money market debt, mortgage-related, asset-backed and CDO debt; corporate bonds, equity and other, derivatives, and the primary loan market.

[US Research Quarterly, First Quarter 2014 \(Full Report\)](#)

### Summary

#### Total Issuance Stays Flat in 1Q'14

Long-term securities issuance totaled \$1.42 billion in 1Q'14, a 0.6 percent increase from \$1.41 billion in 4Q'13 but a 12.7 percent decrease from \$1.63 billion in 1Q'13. Issuance rose across four asset classes: Treasury, corporate bonds, federal agency, and asset-backed securities (ABS), while municipal bonds, mortgage-related issuance, and equity under-writing recorded declines.

Long-term municipal issuance volume totaled \$60.4 billion in the first quarter of 2014, a decline of 17.7 percent and 25.7 percent, respectively, quarter-over-quarter (q-o-q) (\$73.4 billion) and year-over-year (y-o-y) (\$81.3 billion).

Total gross issuance of Treasury bills and coupons, including cash management bills (CMBs), was \$1.74 trillion in 1Q'14, a 10.5 percent decrease from \$1.94 trillion issued in 4Q'13 and an 11.7 percent decrease from 1Q'13's issuance of \$1.96 trillion. Including CMBs, issuance increased to \$264.7 billion in Treasury securities in the first quarter, a slight increase from \$263.8 billion in the previous quarter but a 24.3 percent decrease from \$349.9 billion issued in 1Q'13.

Federal agency long-term debt (LTD) issuance was \$84.12 billion in the first quarter, compared to \$75.7 billion in 4Q'13.

Issuance of mortgage-related securities, including agency and non-agency passthroughs and collateralized mortgage obligations (CMOs), totaled \$269.1 billion in the first quarter, a 28.4 percent decline from 4Q'13 (\$375.6 billion) and a 53.9 percent decline y-o-y (\$582.4 billion). The continued decline in issuance was in both agency issuance and non-agency volumes.

Asset-backed securities (ABS) issuance totaled \$55.1 billion in the first quarter, an increase of 28.8 percent and 16.2 percent respectively, q-o-q (\$42.8 billion) and y-o-y (\$47.5 billion). The auto sector continued to lead issuance totals with \$26.9 billion (48.8 percent of total issuance in 1Q'14), followed by credit cards (\$14.8 billion, or 26.8 percent).

Corporate bond issuance totaled \$374.1 billion in 1Q'14, 25.2 percent up from the \$298.8 billion issued in 4Q'13 and 21.7 percent below 1Q'13's issuance of \$372.9 billion.

Equity underwriting decreased to \$62.8 billion in the first quarter, 22.2 percent below the \$80.7 billion in 4Q'13 and 17.5 percent below the \$76.2 billion in 1Q'13. Secondary market issuance

decreased to \$43.6 billion on 276 deals in 1Q'14 from \$52.8 billion on 256 deals in 4Q'13 (a decrease of 17.4 percent in volume but an increase of 7.8 percent in number of deals). "True" initial public offerings stood at \$12.1 billion on 75 deals, a 51.2 percent decrease from \$24.8 billion but a 2.8 percent increase from 73 deals in the previous quarter.