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Muni Supply Set to Shrink as Redemptions Exceed Sales.

The U.S. municipal bond market is poised to contract in the next month as redemptions and maturing debt exceed sales of new securities.

The gap between redemptions and new debt, a signal of supply and demand in the \$3.5 trillion municipal market, will reach \$27.3 billion over the next 30 days, compared with a contraction of \$4.74 billion last month, according to data compiled by Bloomberg.

States and localities have scheduled \$10.2 billion of sales in the next 30 days, compared with \$10.9 billion on the previous trading day, the data show. Supply figures exclude derivatives and variable-rate debt. Some municipalities set their deals less than a month before borrowing.

Municipalities have announced \$21.6 billion of redemptions and an additional \$15.9 billion of debt matures in the next month.

Posey County, Indiana Economic Development for Midwest Fertilizer Co., Arizona Transportation Board and Dallas Area Rapid Transit have scheduled sales in coming weeks, the data show. Houston Independent School District and Rhode Island Tobacco Settlement Finance Corp. are also on the calendar.

BLOOMBERG

By Ken Kohn | Nov 17, 2014 4:46 AM PT

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