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Municipal Bond Volume Rises 15.3% in November.

NEW YORK - Long-term municipal bond issuance rose for the fourth month in a row as volume increased 15.3% in November, according to Thomson Reuters data.

Monthly Data

New issue supply rose to \$28.330 billion in November as 922 new deals came to market, up from the \$24.563 billion in 841 deals that were priced in November of 2013, according to the final report.

November's supply, however, was lower than October's total of \$34 billion in issuance.

Tax-exempt volume increased 18.9% in November to \$25.684 billion in 842 deals, compared to \$21.599 billion in 746 deals in the same period last year. Taxable sales rose 65.4% to \$2.138 billion in 69 deals from \$1.293 billion in 77 sales in November 2013.

Negotiated sales rose 9.8% to \$20.381 billion in 580 deals from \$18.556 billion in 468 deals last year. Competitive sales jumped 73.8% to \$7.474 billion from \$4.300 billion in the same period last year. Private placements plunged 72.2% to \$474 million in eight deals from \$1.707 billion in 65 deals in November 2013.

While the string of new issue gains has been unbroken for several months, some analysts and traders are predicting a decline in volume over the near- and long-term.

Alan Schankel, a managing director at Janney Capital Markets says his firm forecasts falling issuance through 2017.

Some of the factors Janney sees as keeping issuance low include higher interest rates, which would result in lower refunding amounts and austerity measures instituted by issuers.

But not all had a down outlook for municipals in the short-term.

James Colby, senior municipal strategist and portfolio manager at Van Eck Global, said that November was a good month for the market overall.

"This was a better month for underwriters, issues and all those who wanted to see a bit of variety on the calendar," Colby said.

Colby said there had been a recent deficit of muni supply versus muni demand.

"The supply and demand gap narrowed in November," he said. "It was a strong month in terms of supply."

Data from Siebert Brandford Shank show that municipal bond new issue supply was \$264 billion while demand, meaning money from bond calls, maturing bonds and coupon payments, totaled \$351 billion as of Oct. 31, according to Van Eck.

Refundings surged 92% in November to \$12.075 billion in 401 issues, from 6.291 billion in 257 issues in the same period last year. However, new money issues totaled \$11.996 billion in November in 468 deals, down 5.2% compared with \$12.653 billion in 513 issues last year. Combined new money and refunding issues totaled \$4.259 billion, down 24.2% from \$5.619 billion in November 2013.

General obligation bond sales increased 49.9% in November to \$12.248 billion in 584 issues from \$8.169 billion; revenue bond issuance slipped 1.9% to 16.082 billion in 338 issues from \$16.391 billion in 334 issues a year earlier.

Electric power issues showed the biggest gain of the month, rising 228.9% to \$724.6 million in 13 issues from \$220.3 million in 13 issues last year. Also logging big gains were public facilities bonds, which rose 132.1% to \$1.086 billion in 47 issues from \$468.1 billion in 52 issues in the same period last year. The biggest losers were development bonds which dropped 58.5% to \$454.9 million in 20 issues from \$1.095 billion in 39 issues last November; and housing bonds which fell 24.3% to \$792.2 million in 36 issues from \$1.047 billion in 38 issues in November 2013.

Bond insurance gained in November, rising 16.7% to cover \$1.795 billion in 145 issues compared to \$1.538 billion in 91 issues in the same period last year. Insured mortgages rose 1,462% to \$40.6 million in November in one issue from \$2.6 million in a single issue last year.

Meanwhile, municipalities continued to waver in their sales of municipal bonds in November.

State governments issued 14.1% more bonds in November, with the total rising to \$3.828 billion in 17 issues from \$3.357 billion in 30 issues in the same period last year. But offerings at state agencies declined by 21.5% to \$6.308 billion in 88 issues from \$8.038 billion in 108 issues last year.

Issuance by counties and parishes dropped 40.2% to \$1.818 billion in 51 issues from \$3.042 billion in 72 issues last year while issuance in cities and towns rose 17.5% to \$2.937 billion in 245 issues from \$2.499 billion in 229 issues in the same month last year.

Districts issued \$73.5% more bonds at \$5.714 billion in 375 deals, up from \$3.293 billion in 293 deals last year; local authorities sold \$6.950 billion in 131 issues, up 88.8% from \$3.680 billion in 2013.

For the year to date, California ranked as the No. 1 state in new municipal issuance with sales of \$41.549 billion, down 8.7% from \$45.532 billion last year. Texas ranked second, with \$34.745 billion in bond sales, up 11.2% from the same 11 month period last year.

THE BOND BUYER

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