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Muni Market Set to Shrink as Texas Leads Rising Sales.

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

The gap between redemptions and new debt, a signal of supply and demand in the \$3.5 trillion municipal market, will total \$6.77 billion over the next 30 days, according to data compiled by Bloomberg. A week ago, the estimated contraction was \$27.2 billion for the coming month. In October, the market diminished by \$4.71 billion.

States and localities have scheduled \$20.8 billion of sales in the next 30 days, the data show. On the previous trading day, the calendar showed \$18.9 billion planned for the coming month. Supply figures exclude derivatives and variable-rate debt. Some municipalities set their deals less than a month before borrowing.

Municipalities have announced \$10.7 billion of redemptions and an additional \$16.9 billion of debt matures in the next month.

In the coming weeks, Texas Transportation Commission plans to sell \$1.23 billion of bonds, New York State Thruway Authority has scheduled \$750 million, Pennsylvania will offer \$750 million and Phoenix Civic Improvement Corp. will bring \$610 million to market.

Issuers from Illinois have the most debt coming due in the next 30 days with \$1.84 billion, followed by New Jersey at \$1.57 billion and Ohio with \$1.56 billion.

New Jersey Transportation Trust Fund Authority has the biggest amount of securities maturing, with \$465 million.

Bloomberg

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