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SIFMA Issues 2015 Municipal Bond Issuance Survey.

New York, NY, December 4, 2014—SIFMA today released its 2015 Municipal Bond Issuance Survey. Compiled from responses provided by large and regional municipal bond underwriters and dealers, the report forecasts what type of activity is expected in the municipal securities market in 2015.

Respondents to the 2015 SIFMA Municipal Issuance Survey expect total municipal issuance, both short- and long-term, to reach \$357.5 billion in 2015, up slightly from the \$348.1 billion estimated issuance in 2014.

While short-term issuance is expected to remain largely unchanged in 2015, with \$42.5 billion in short-term notes expected, compared to \$42.8 billion in 2014, long-term issuance is expected to rise in 2015, with \$315.0 billion in long-term bonds expected, compared with \$305.3 billion in 2014.

“We expect municipal issuance to remain mostly flat to up slightly in 2015, with bank lending continuing to provide borrowers with an alternative to public bond issuance,” said Michael Decker, managing director and co-head of the Municipal Securities Group at SIFMA. “On a systemic basis, we expect state and local credit quality to remain strong, although we may see isolated credit events in 2015. Short- and long-term yields will likely creep up, in part as a response to changing monetary policy.”

Other highlights from the survey include:

- Projected long-term tax-exempt municipal issuance to reach \$275 billion in 2015, nearly unchanged from the \$273.5 billion issued in 2014;
- Projected long-term taxable municipal issuance is expected to be \$30 billion, a 29.3 percent increase from issuance in 2014;
- Long-term alternative minimum tax (AMT) issuance is projected to rise to \$10 billion in 2015, a 16.7 percent increase from 2014;
- Variable-rate demand obligation (VRDO) issuance to rise slightly to \$9 billion in 2015, recovering from the record low of \$6.6 billion issued in 2014.

Interest Rate Forecast

Survey respondents offered diverging views on interest rates in the coming year. The federal funds rate is expected to rise from 0.13 percent in end-December 2014 to 0.75 percent by end-December 2015. Forecasts include:

- The two-year Treasury note yield is expected to rise from 0.50 percent end-December 2014 to 1.15 percent by end-December 2015;
- The 10-year Treasury note yield is also expected to climb from 2.4 percent end-December 2014 to 3.25 percent end-December 2015.

The full SIFMA 2015 Municipal Bond Issuance Survey is available [here](#).

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