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Muni Issuance Dipped in April, But Spiked So Far in 2015.

May 1 (Reuters) – Issuance of U.S. municipal bonds fell slightly in April, but sales for the first four months of 2015 jumped over 67 percent compared with the same period a year earlier, according to Thomson Reuters data released on Friday.

Total sales in April were $39.3 billion, 9.5 percent lower than March, but 55 percent higher than the $25.3 billion sold in April 2014.

The spike in sales this year – there has been $143.2 billion of municipal issuance in the first four months of 2015 compared to $85.4 billion during the same period last year – is due to more issuers refinancing, market watchers say.

Issuers sold $101.2 billion of refunding bonds in 2,544 deals during the first four months of this year, more than double the $42.2 billion of refunding bonds sold during the same period in 2014 across 1,244 deals, the data shows.

“The story for the first part of 2015 – and April specifically – has been low interest rates,” said Tom Kozlik, managing director and municipal credit analyst at Janney Capital Markets. “That environment has created refundings, refundings, refundings.”

New debt sales rose slightly in April as issuers sold $14 billion in new bonds across 579 deals, compared to $13 billion over 474 deals in April 2014. Overall, new money deals fell slightly in the first four months of 2015 with $41.9 billion compared to the same period in 2014 with $43.2 billion of new sales.

“New issuance has been down,” said Kozlik. “Muni credits do not want to add more fixed costs than they already have.”

Next week’s sales will be relatively small in size, with an estimated $9.8 billion of issuance, according to Thomson Reuters data. This week, municipal issuance totaled $4.9 billion.

Next week’s four largest deals are the state of Louisiana with $335 million of general obligation bonds; the Los Angeles Unified School District with $330 million of general obligation refunding bonds; the Los Angeles Community College District with $310 million of general obligation refunding bonds, and the Indiana Finance Authority with $302 million of stadium lease appropriation refunding bonds.

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