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Municipal Bond Sales Rise As Redemptions, Calls Hit $34 Billion.

Municipal bond sales in the U.S. are set to increase in the next month while the amount of redemptions and maturing debt accelerates.

States and localities plan to issue $12.2 billion of bonds over the next 30 days, according to data compiled by Bloomberg. A week ago, the calendar showed $12.1 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.

Citizens Property Insurance Corp. of Florida plans to sell $750 million of bonds, Springfield Missouri Public Utility has scheduled $515 million, Port Authority of New York and New Jersey will offer $500 million and the Miami and Dade County Florida Water and Sewer authority will bring $482 million to market.

Municipalities have announced $17.4 billion of redemptions and an additional $17.0 billion of debt matures in the next 30 days, compared with the $29.3 billion total that was scheduled a week ago.

Issuers from New York have the most debt coming due with $1.88 billion, followed by California at $1.87 billion and Florida with $1.38 billion. Citizens Property Insurance has the biggest amount of securities maturing, with $765 million.

Shrinking Market

The $3.6 trillion municipal market shrank by 4 percent in 2014. This year, maturities are poised to drop 38 percent to $176 billion from the 2014 levels.

Investors removed $36 million from mutual funds that target municipal securities in the week ended May 6, compared with an increase of $1 billion in the previous period, according to Investment Company Institute data compiled by Bloomberg.

Exchange-traded funds that buy municipal debt increased by $9.2 million last week, boosting the value of the ETFs 0.05 percent to $16.8 billion.

State and local debt maturing in 10 years now yields 107.04 percent of Treasuries, compared with 102.555 percent in the previous session and the 200-day moving average of 97.756 percent, Bloomberg data show.

Bonds of South Carolina and Michigan had the best performance over the past year compared with the average yield of AAA rated 10-year securities, the data shows. Yields on South Carolina's securities narrowed 2 basis points to 2.37 percent while Michigan's declined less than one basis point to 2.60 percent. Puerto Rico and New Jersey handed investors the worst results. The yield gap on Puerto Rico bonds widened 95 to 10.42 percent and New Jersey's rose 25 basis points to 3.08 percent.

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