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MSRB Report: Muni Trades Dip in First Quarter.

WASHINGTON — Municipal market trading volume fell 13% from the first quarter of last year, according to statistics released by the Municipal Securities Rulemaking Board on Tuesday.

Trading volume fell to \$618.5 billion, down from \$709.8 billion in the first quarter a year ago, the MSRB said. That drop is a bit greater than the historical trend of first quarter muni trading volume declining an average of 12.4% annually since 2008.

A total of 2.24 million municipal trades occurred in the first quarter, down 6% from 2.39 million in the first quarter of last year.

The number of interest rate resets on municipal variable-rate demand obligations also hit a new low of 133,896 in the first quarter of 2015, the lowest quarterly number since the MSRB began collecting VRDO reset information in April 2009, the board said. Previous MSRB reports have noted a decline in the VRDO market since 2009.

Customer purchases decreased to an average daily par amount of \$5.0 billion in the first quarter of 2015, down from \$5.5 billion in the previous year. They accounted for 49% of the overall par volume during the quarter, compared to 47% a year ago. Trading of fixed-rate securities accounted for approximately 68% of the total par traded in the first quarter, compared to 57% in the first quarter of 2014. Fixed-rate securities accounted for 94% of the overall number of trades.

The number of continuing disclosure documents received by the MSRB was up, on a year-over-year basis, and totaled 48,450 in the first quarter of this year compared to 43,487 documents during the same period of 2014. Annual financial disclosures accounted for 48 percent of all disclosures.

The first quarter of 2014 would not have reflected increased attention to continuing disclosure brought on by the Securities and Exchange Commission's Municipalities Continuing Disclosure Cooperation initiative, which was launched in March 2014.

That program, which expired last year and was designed to improve continuing disclosure agreement compliance, offered issuers and dealers lenient settlement terms if they self-reported instances over the past five years in which they sold bonds without properly disclosing in offering documents past failures to comply with their self-imposed CDAs.

The new quarterly MSRB report also tracks the most popular securities by par amount and by number of trades. Puerto Rico's general obligation bonds led in par amount for the first quarter, with more than \$1.84 billion trading in 781 transactions.

The most actively-traded bond, by number of trades, was a New Jersey State Transportation Trust Fund Transportation Program bond, which changed hands 4,337 times to the tune of \$411.5 million in trade volume. It was traded twice as much as the second most-traded bond, which was the Pocono Mountains, Pa., Industrial Park Authority bonds.

THE BOND BUYER

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