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Municipal Bond Sales Poised to Accelerate as Redemptions Fall.

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

States and localities plan to issue $12.9 billion of bonds over the next 30 days, according to data compiled by Bloomberg. A week ago, the calendar showed $11.6 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.

Los Angeles plans to sell $1.386 billion of bonds, Massachusetts has scheduled $938 million, Miami-Dade County School Board will offer $461 million and Maryland Health and Higher Education Facilities Authority will bring $263 million to market.

Municipalities have announced $12.8 billion of redemptions and an additional $32.2 billion of debt matures in the next 30 days, compared with the $49.9 billion total that was scheduled a week ago. Issuers from California have the most debt coming due with $8.51 billion, followed by New Jersey at $3.66 billion and New York with $3.38 billion. California has the biggest amount of securities maturing, with $2.82 billion.

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.

Fund Flows

Investors removed $653 million from mutual funds that target municipal securities in the week ended June 10, compared with a reduction of $1 million in the previous period, according to Investment Company Institute data compiled by Bloomberg.

Exchange-traded funds that buy municipal debt increased by $87.72 million last week, boosting the value of the ETFs 0.53 percent to $16.761 billion.

State and local debt maturing in 10 years now yields 102.783 percent of Treasuries, compared with 100.086 percent in the previous session and the 200-day moving average of 99.236 percent, Bloomberg data show.

Bonds of Puerto Rico and Tennessee had the best performance over the past year compared with the average yield of AAA rated 10-year securities, the data shows. Yields on Puerto Rico's securities narrowed 24 basis points to 9.33 percent while Tennessee's declined five basis points to 2.36 percent. Illinois and New Jersey handed investors the worst results. The yield gap on Illinois bonds widened 38 to 4.2 percent and New Jersey's rose 25 basis points to 3.18 percent.

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