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Municipal Bond Sales Poised to Accelerate as Redemptions Rise.

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

States and localities plan to issue $16.2 billion of bonds over the next 30 days, according to data compiled by Bloomberg. A week ago, the calendar showed $10.5 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.

California State University plans to sell $1.07 billion of bonds, Chicago has scheduled $1.07 billion, Maryland will offer $500 million and North Carolina Eastern Municipal Power Authority will bring $478 million to market.

Municipalities have announced $10.9 billion of redemptions and an additional $16.1 billion of debt matures in the next 30 days, compared with the $24.8 billion total that was scheduled a week ago.

Issuers from New York have the most debt coming due with $3.49 billion, followed by California at $3.02 billion and Massachusetts with $1.35 billion. New York City has the biggest amount of securities maturing, with $1.73 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.

Investors removed $861 million from mutual funds that target municipal securities in the week ended July 1, compared with an increase of $105 million in the previous period, according to Investment Company Institute data compiled by Bloomberg.

Exchange-traded funds that buy municipal debt increased by $13.6 million last week, boosting the value of the ETFs 0.08 percent to $16.7 billion.

State and local debt maturing in 10 years now yields 95.625 percent of Treasuries, compared with 98.105 percent in the previous session and the 200-day moving average of 100.033 percent, Bloomberg data show.

Bonds of Wisconsin 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 Wisconsin's securities narrowed 2 basis points to 2.49 percent while Tennessee's declined 1 basis point to 2.33 percent. Puerto Rico and Illinois handed investors the worst results. The yield gap on Puerto Rico bonds widened 233 to 11.93 percent and Illinois's rose 31 basis points to 4.10 percent.

By Ken Kohn and Luis Daniel Palacios, Bloomberg News

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