
Municipal Bond Sales Poised to Decelerate as Redemptions Rise.

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

States and localities plan to issue $7.8 billion of bonds over the next 30 days, according to data compiled by Bloomberg. A week ago, the calendar showed $11.2 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.

Broward County, Florida, Airport System plans to sell $489 million of bonds, Tennessee has scheduled $416 million, Florida State Board of Education will offer $230 million and California State Public Works Board will bring $223 million to market.

Municipalities have announced $13.8 billion of redemptions and an additional $10.6 billion of debt matures in the next 30 days, compared with the $21.3 billion total that was scheduled a week ago.

Issuers from New York have the most debt coming due with $2.63 billion, followed by California at $1.15 billion and Michigan with $695 million. New York City Transitional Finance Authority has the biggest amount of securities maturing, with $767 million.

Fund Flows

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 added $617 million to mutual funds that target municipal securities in the week ended Oct. 14, compared with an increase of $558 million in the previous period, according to Investment Company Institute data compiled by Bloomberg.

Exchange-traded funds that buy municipal debt increased by $211.3 million last week, boosting the value of the ETFs 1.19 percent to $18 billion.

State and local debt maturing in 10 years now yields 100.4 percent of Treasuries, compared with 102.3 percent in the previous session and the 200-day moving average of 102.6 percent, Bloomberg data show.

Bonds of Tennessee 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 Tennessee's securities narrowed 7 basis points to 2.05 percent while Michigan's declined 2 basis points to 2.32 percent. Puerto Rico and Illinois handed investors the worst results. The yield gap on Puerto Rico bonds widened 64 to 10.67 percent and Illinois's rose 28 basis points to 3.96 percent.

Bloomberg News

by Kenneth Kohn

October 26, 2015 — 3:59 AM PDT