Bond Case Briefs

Municipal Finance Law Since 1971

SIFMA Issues 2016 Municipal Issuance Survey.

New York, NY, December 21, 2016 – SIFMA today released its 2016 Municipal Issuance Survey. Compiled from responses provided by 10 large and regional municipal bond underwriters and dealers, the report forecasts what type of activity is expected in the municipal securities market in 2016.

Respondents to the 2016 SIFMA Municipal Issuance Survey expect total municipal issuance, both short- and long-term, to reach $432 billion in 2016, in line with the $429 billion estimated issuance in 2015.

While short-term issuance is expected to increase in 2016, with $43 billion in short-term notes expected to be financed, compared to the estimated $35 billion in 2015, long-term issuance is expected to decrease, with $389 billion in long-term bonds expected, compared with the estimated $393 billion in 2015.

“Interest rate and credit quality are clearly driving factors in our members’ forecasts,” said Michael Decker, Managing Director and Co-Head of Municipal Securities at SIFMA. “While we expect issuance to remain largely flat in 2016, investor demand for new bonds will continue to be robust, and borrowing conditions for state and local issuers will remain attractive.”

Other highlights from the survey include:

- Long-term tax-exempt municipal issuance is projected to reach $347.5 billion in 2016, 1.4 percent below the estimated $352.5 billion issued in 2015;
- Taxable municipal issuance is projected to increase in 2016 to $30.5 billion, a 4.5 percent increase from the estimated $29.2 billion issued in 2015;
- Alternative minimum tax (AMT) issuance is expected to drop by 10.8 percent to $10.5 billion in 2016, from an estimated $11.8 billion in 2015; and
- Variable-rate demand obligation (VRDO) issuance is expected to rise slightly to $8.0 billion in 2016, recovering from the estimated record low of $6.2 billion in 2015.

Interest Rate Forecast

Following the FOMC raising the federal funds target rate to 0.25-0.50 percent in mid-December, the federal funds rate is expected to rise from 0.38 percent in end-December 2015 to 0.50 percent by end-March 2016 and gradually increase to 1.00 percent by the end of 2016. Forecasts include:

- The two-year Treasury note yield is expected to rise from 1.00 percent end-December 2015 to 1.65 percent by end-December 2016.
- The 10-year Treasury note yield is also expected to climb from 2.33 percent end-December 2015 to 2.75 percent end-December 2016.

The full SIFMA 2016 Municipal Issuance Survey Report is available here.

Release Date: December 21, 2016

Contact: Liz Pierce, 212-313-1173, lpierce@sifma.org

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com