

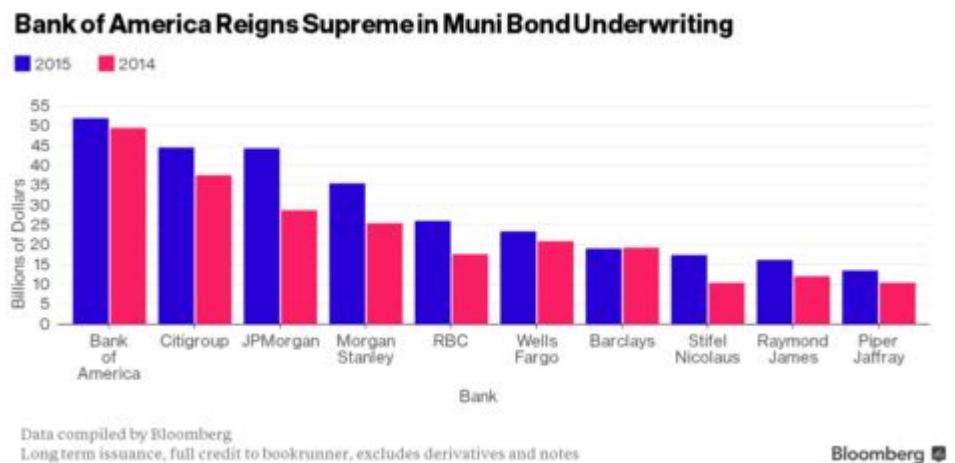
Bond Case Briefs

Municipal Finance Law Since 1971

Bank of America Tops Municipal Underwriter Ranks for Fourth Year.

John Lawlor, the head of Bank of America Corp.'s municipal-bond department, is a graduate of the U.S. Naval Academy. In 2015, he navigated the second-largest U.S. bank by assets to the top of the muni-bond underwriting table for the fourth straight year.

Charlotte, North Carolina-based Bank of America managed almost \$52 billion of state and local government debt sales through Dec. 22. Citigroup Inc. and JPMorgan Chase & Co. and Citigroup Inc. are battling for second place, according to data compiled by Bloomberg.



One notable absence from the top 10: Goldman Sachs Group. Inc., which fell to 11th place from eighth last year. Taking Goldman's place is Stifel Nicolaus & Co., the investment banking unit of Stifel Financial Corp. The St. Louis-based bank is moving up the charts after acquiring string of regional firms in the last few years, including California-based Stone & Youngberg LLC and E.J. De La Rosa & Co.

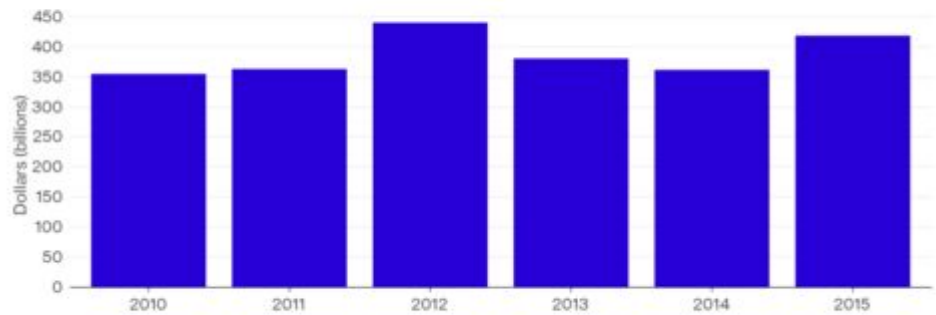
States and local governments have issued about \$420 billion of long-term and short-term debt this year, 16 percent more than 2014 and the most since 2012. Volume was boosted by refinancings of higher cost debt in advance of the first interest-rate increase in nine years. Of the 10 biggest deals this year, only Georgia borrowed more for new projects than to refinance debt. Bank of America managed the biggest deal of the year, a \$2.2 billion issue by New Jersey's Economic Development Authority.

Municipal issuers may sell \$389 billion of long-term bonds next year, down about 1 percent from 2015, according to a survey by the Securities Industry and Financial Markets Association.

Refinancings Pump Up the Volume

16 percent increase over 2014

■ Yearly U.S. Municipal Bond Issuance



Data compiled by Bloomberg
Includes Long- and short-term, fixed- and variable-rate; excludes derivatives

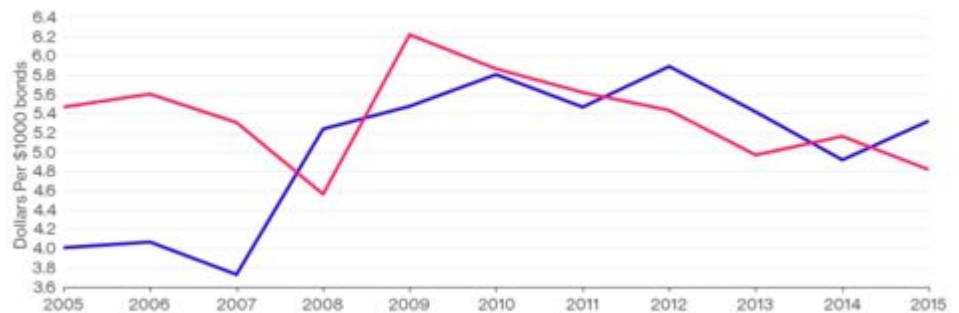
Bloomberg

While banks underwrote more bonds, they were getting paid less for it. Fees that Wall Street charges U.S. cities and states to sell bonds fell to lowest in seven years as banks competed for market share. The underwriting fees on the New Jersey EDA deal totaled \$10.1 million, or \$4.6 per \$1,000 of bonds. That's 20 cents less than the average negotiated underwriting spread of \$4.8 per \$1,000 bonds this year.

Muni Bond Underwriting Is Getting Less Lucrative

Fees on no-bid deals reach 7-year lows

■ Competitive Underwriting Spread ■ Negotiated Underwriting Spread



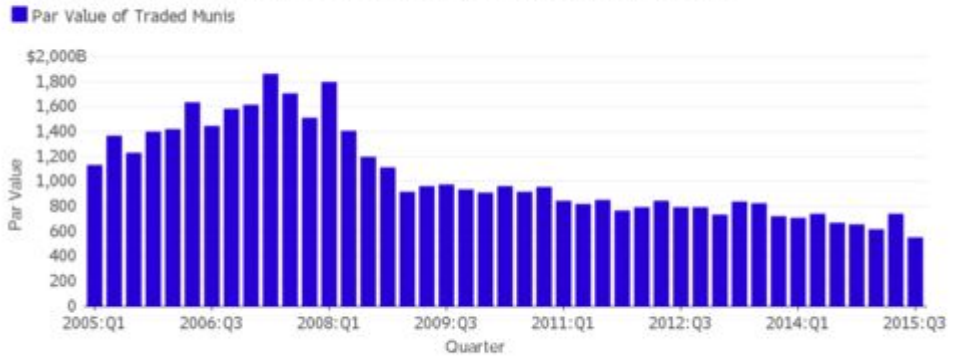
Data compiled by Bloomberg as of Dec. 23
Long- and short-term issuance, fixed- and variable-rate; excludes derivatives

Bloomberg

Profits were also depressed by sparse trading. Trading volume fell to the lowest level in at least 10 years during the third quarter, a period of low and volatile yields, which kept investors on the sidelines.

Municipal-Bond Trading Volume Hits New Low

Low yields and volatile markets curb trading to the least in over a decade.



Source: Municipal Securities Rulemaking Board

Bloomberg

Bloomberg News

by Martin Z Braun and Sowjana Sivaloganathan

December 23, 2015 — 9:00 PM PST Updated on December 24, 2015 — 7:05 AM PST

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