

Bond Case Briefs

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A quarterly report containing brief commentary and statistics on the U.S. capital markets, including but not limited to: municipal debt, U.S. Treasury and agency debt, short-term funding and money market debt, mortgage-related, asset-backed and CDO debt; corporate bonds, equity and other, derivatives, and the primary loan market.

Summary

Total Issuance Increases Declines in 4Q'15

Long-term securities issuance totaled \$1.48 trillion in 4Q'15, an 8.5 percent decline from \$1.62 trillion in 3Q'15 and a 4.9 percent decrease year-over-year (y-o-y) from \$1.56 trillion in 4Q'14. Issuance fell quarter-over-quarter (q-o-q) across all asset classes with mortgage-backed, asset-backed and equity recording the largest percentage declines. For full year 2015, long-term issuance totaled \$6.7 trillion, an increase of 7.1 percent from \$6.3 trillion in 2014. The annual increase was driven primarily by increase in mortgage-related and corporate bond issuance.

Long-term public municipal issuance volume, including private placements, totaled \$84.7 billion in the fourth quarter of 2015, a decline of 8.1 percent from the prior quarter (\$92.2 billion) and a decline of 19.7 percent y-o-y (\$105.5 billion). Despite the fourth quarter decline, full year issuance was \$403.1 billion, an increase of 19.4 percent from 2014.

In the fourth quarter, \$527.3 billion in Treasury coupons, Floating Rate Notes (FRNs) and Treasury Inflation Protected Securities (TIPS) were issued, down 1.7 percent from \$536.3 billion issued in the prior quarter and 2.2 percent below the issuance of \$539.1 billion in 4Q'14. In full year 2015, Treasury issued \$2.12 trillion in Treasury coupons, FRNs and TIPS, down 4.2 percent from \$2.22 trillion in 2014.

Federal agency long-term debt issuance was \$121.5 billion in the fourth quarter, a 4.9 percent decrease from \$127.8 billion in 3Q'15 and 21.3 percent above \$100.1 billion issued in 4Q'14. For the full year, long-term agency issuance was \$513.5 billion, an increase of 36.1 percent from 2014.

Issuance of mortgage-related securities, including agency and non-agency passthroughs and collateralized mortgage obligations (CMOs), totaled \$380.5 billion in the fourth quarter, a 18.9 percent decrease from 3Q'15 (\$469.5 billion) but a 1.9 percent increase y-o-y (\$373.4 billion). For full year 2015, \$1.72 trillion of mortgage-related securities were issued, a very slight increase (0.4 percent) from the prior year.

Asset-backed securities issuance totaled \$33.2 billion in the fourth quarter, a decline of 16.3 percent q-o-q and 27.0 percent y-o-y. For the full year, issuance totaled \$193.2 billion, a decline of 14.3 percent from the prior year. Corporate bond issuance totaled \$297.0 billion in 4Q'15, down 4.4 percent from the \$310.6 billion issued in 3Q'15 and 10.0 percent below 4Q'14's issuance of \$330.3 billion. For full year 2015, corporate bond issuance totaled \$1.49 trillion, up 3.9 percent from \$1.44 trillion in 2014.

Equity underwriting decreased by 14.6 percent to \$38.8 billion in the fourth quarter from \$45.4 billion in 3Q'15 and was 39.9 percent below the \$64.5 billion issued in 4Q'14. For full year 2015, equity underwriting totaled \$256.0 billion on 1,004 deals, down 17.8 percent and 17.9 percent, respectively, in volume and number of deals from 2014. "True" initial public offerings (IPOs) increased to \$7.7 billion in 4Q'15, a 44.3 percent increase from \$5.3 billion in 3Q'15 but a 57.3 percent fall from \$18.0 billion in 4Q'14. In full year 2015, \$24.6 billion was raised through 166 IPOs, down 65.8 percent from the record-breaking \$94.3 billion on 301 deals in 2014.

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