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Municipal Bond Issuance Up Slightly in May.

Sales of U.S. municipal bonds ticked up slightly in May, with more new sales and refunding deals coming to market than during the first four months of the year, according to Thomson Reuters data.

Total sales in May were \$39.4 billion, 17 percent higher than in April, and 16 percent higher than in May 2015.

Overall, calendar year 2016 has thus far resulted in slightly less sales than the same period last year – there has been \$168.6 billion of municipal issuance during the first five months of 2016 compared to \$177.8 billion in the same period last year – in part due to fewer refunding deals.

Issuers sold \$104.3 billion of refunding bonds in 2,653 deals during the first five months of 2016, compared to the \$124.1 billion of refunding bonds sold during the same period in 2015 across 3,157 deals, the data shows.

The market saw a rise in new debt sales as issuers sold \$16.6 billion in new bonds across 617 deals in May, compared to \$13.2 billion over 652 deals in May 2015. Overall, new money deals rose in the first five months of 2016, with \$64.4 billion compared to the same period in 2015 with \$53.7 billion of new sales.

Municipal investors should prepare for a busy month in June, typically a time of year that experiences higher gross supply before the lethargic summer months, Morgan Stanley reported this month, although market participants should “keep some ‘powder dry’ due to the possibility of rising interest rates” later in the year.

Reuters

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(Reporting by Robin Respaut; Editing by James Dalglish)