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U.S. Municipal Bond Issuances Drop by 30% in July.

CUSIP Global Services reported that the 30% drop in July marks the end of five consecutive months of growth. The number of municipal bond CUSIP orders that were handled was 1,218. This was the second-lowest order count of the year.

According to CUSIP Global Services, this was likely due to states beginning a new fiscal year last month, rather than a softening in demand.

However, thanks to strong activity in the bond market in the first half of the year, overall municipal bond CUSIP requests are still up 1% on a year-by-year basis.

Most municipal requests were reported in Texas with 1,211 so far in 2016, followed by New York with 960, and California with 734.

Gerard Faulkner, director of operations for CUSIP Global Services said that recent issuance data suggested that capital markets activity was still solid, "despite a lot of uncertainty".

"Based on July's data, the second half of the year is off to a good start," he said.

Also, the report showed that requests for international debt and equity dipped in July. Requests for international equity fell from 188 in June to 168 in July. Meanwhile, international debt requests dropped from 241 to 213. Year-on-year, equity requests were down 60% and debt requests were down 27%.

Richard Peterson, senior director, S&P Global Market Intelligence, said: "With ongoing economic and political instability, particularly in Europe, it makes sense this pre-capital markets activity would continue to show softness, in comparison to the US."

"Given that governments have a ways to go before settling on solutions, we expect issuance to remain weak for the foreseeable future," he added.

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