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New Jersey, Alaska deals Will Lead Big Week in Muni Supply.

U.S. municipal market supply will likely be among the highest in a decade when an estimated \$16.7 billion of bonds and notes goes up for sale next week, lead by deals from New Jersey and Alaska.

With \$16.5 billion in expected bond sales and \$213 million in notes, according to Thomson Reuters estimates on Friday, the week would be one of the 10 biggest for supply in the last 10 years. Looking at just bonds, it would be the biggest since December 2006.

New Jersey will sell \$2.76 billion of highway reimbursement notes through Bank of America Merrill Lynch, and Alaska plans to offer \$2.35 billion of taxable pension obligation bonds via Citigroup, with both deals set to price on Wednesday.

Muni supply is surging lately. This week, an estimated \$15.9 billion of bonds and notes hit the market.

"We expect the issuance pipeline to remain robust over the next few weeks as some issuers look to place deals prior to the November general election and a potential (Federal Reserve) rate hike in December," Barclays analysts said in a Friday report.

Barclays said the weakness in the muni market "is technical in nature, and as soon as supply subsides, the market should regain its footing."

As this week's big supply hits, U.S. municipal bond funds' net flows turned negative for the first time since the end of September 2015, according to Lipper, a unit of Thomson Reuters Corp. Funds reported nearly \$136 million of net outflows in the week ended Oct. 19.

Next week's biggest competitive offering comes from Maryland, whose department of transportation will sell more than \$690 million of new and refunded bonds in a two-part deal on Wednesday.

Reuters

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