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Toll Bridge Deals Lead U.S. Municipal Supply Next Week.

A pair of toll bridge deals will lead a U.S. municipal bond calendar next week that features around \$5.85 billion in total sales.

California's Bay Area Toll Authority will issue the week's biggest deal, pricing on Tuesday \$552 million in negotiated refinancing bonds to reduce borrowing costs.

The Delaware River Joint Toll Bridge Commission, a bi-state agency that operates seven toll bridges in Pennsylvania and New Jersey, will price a \$438 million negotiated bond, to fund the bulk of a \$512 million reconstruction of the Scudder Falls Bridge.

Both deals are scheduled to price on Tuesday and will be underwritten by Bank of America Merrill Lynch.

The Scudder Falls Bridge, which crosses the Delaware River along Interstate-95 and supports some 60,000 cars a day, will be demolished to address safety concerns, and rebuilt by the Trumbull Corporation, which was awarded the construction contract, according to a road show presentation from the toll bridge commission.

Tree cutting and installation of noise walls are underway, with full construction slated to begin in April and run through August 2021, according to the presentation.

Next week's total muni supply will include \$5.575 billion of negotiated and competitive bonds, and another \$271 million of notes.

The Long Beach, California, Unified School District will provide the biggest competitive bond deals, issuing \$450 million in general obligation bonds, while Rochester, New York, will lead the way in notes, with \$72 million in a pair of bond anticipation offerings.

Ongoing political and economic uncertainty could make it difficult for the U.S. Federal Reserve to raise interest rates in the near term, and "lower Treasury rates will certainly help munis," Barclays analysts said in a weekly note on Friday.

Barclays, which projects net negative issuance for February, said "healthy dealer inventories and positive fund flows should also support the market in the coming weeks."

Barclays noted that tax policies of President Donald Trump could also move markets.

Trump on Thursday hinted at an upcoming announcement he said would be "phenomenal in terms of tax," but offered no detail.

Reuters

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(Reporting by Nick Brown; Editing by Bernard Orr)

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