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U.S. Municipal Bond Sales to Total Lowest This Year Next Week.

Sales of U.S. municipal bonds and notes will sink to \$357 million in the upcoming holiday week, significantly lower than this week's approximately \$9 billion of debt issuance, according to Thomson Reuters data.

Bond issuance has been generally lower this year compared to last because of fewer refunding issues, said Alan Schankel, a managing director at Janney Montgomery Scott.

Schankel said that the U.S. Fourth of July holiday falling on a Tuesday this year shortens the week even further because most issuers and trading desks will only operate in full for three days.

The amount of municipal debt issuance has dropped off this year as investors are past the 2016 U.S. presidential election and interest rates have risen from record lows, said Mikhail Foux, head of municipal research at Barclays Capital.

Texas's Denton County plans to issue about \$77 million worth of refunding bonds next week, the largest deal set to market, according to Thomson Reuters data.

Next week's issuance sales consist of about \$233 million from the competitive calendar and about \$123 million from the negotiated calendar.

U.S. municipal bond funds recorded \$496.4 million of inflows for the week ended June 28, according to Lipper data.

REUTERS

By Stephanie Kelly | NEW YORK, JUNE 29

(Reporting by Stephanie Kelly; Editing by Daniel Bases and Meredith Mazzilli)