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Market Commentary: Issuance Stalls, Investors Take Profits on Instability.

Below we review the market this past week as well as how December was a record-breaking month for the municipal market. Next week, we will publish our full 2018 Outlook for the municipal industry.

Issuance Stalls and Investors Take Profits on Political Instability

Over the last week munis have outperformed Treasuries on most parts of the curve. While the Dow Jones Index hit all-time highs, we are seeing investors profit-take and move into safer assets given the political instability associated with the current Administration and international affairs.

The conflux of international politics and the historical record of economic trends in the United States, converging with Dodd-Frank regulations and an expected lower issuance flow for investors leads us to believe that outperformance to Treasuries and other domestic fixed-income asset classes is expected. Issuance thus far in January has been very low and expected issuance for the rest of the month confirms this expectation.

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Neighborly Insights

Posted 01/08/2018 by George Friedlander

This Market Commentary is brought to you by Court Street Group.