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U.S. Municipal Market Supply to Hit \$9.6 bln Next Week.

CHICAGO, July 13 (Reuters) - Bond and note issuance in the U.S. municipal market will total \$9.6 billion next week as supply ratchets higher after a slump earlier this month due to the mid-week Fourth of July holiday, according to Thomson Reuters estimates on Friday. Supply of new issues has dropped in the \$3.8 trillion market. Issuance of \$160 billion worth of municipal debt at 2018's midpoint was down almost 17 percent compared to the same period in the prior year. In a research report on Friday, Barclays projected weaker second half issuance of \$135 billion to \$150 billion.

The inability of states, cities, schools, hospitals and other issuers to advance refund their debt on a tax-exempt basis due to federal tax law changes has put a damper on issuance.

In the coming week, the New York City Transitional Finance Authority will sell \$1.03 billion of building aid revenue bonds. About \$919 million of tax-exempt debt will be offered to retail investors on Friday and Monday ahead of formal pricing through lead underwriter Ramirez & Co on Tuesday. Another \$111 million of taxable bonds will be sold competitively on Tuesday.

The New Jersey Transportation Trust Fund Authority has \$1.2 billion of federal highway reimbursement revenue refunding notes pricing on Wednesday through Morgan Stanley following a Tuesday retail order period.

Fresh off a trio of credit rating upgrades, Washington, D.C. will sell \$517 million of new and refunding general obligation bonds that are scheduled to price through Ramirez on Wednesday. A stronger economy and revenue growth led to higher ratings of Aaa from Moody's Investors Service and AA-plus from S&P Global Ratings and Fitch Ratings.

Topping the week's slate of competitively bid deals is a \$400 million North Carolina GO public improvement bond issue selling on Wednesday. The AAA-rated bonds carry maturities in 2019 through 2038, according to the preliminary official statement. Following a week of net outflows, municipal bond funds reported nearly \$651 million of net inflows in the week ended July 11, according to Lipper.

Reporting by Karen Pierog; Editing by Daniel Bases and Tom Brown