



MUNICIPAL BOND CREDIT REPORT

Third Quarter 2013

RESEARCH REPORT

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TABLE OF CONTENTS

Table of Contents i

Market Summary 2

Charts & Data..... 4

 Long-Term Municipal State Issuance, 3Q’13 4

 Long-Term Municipal Issuance by General Use of Proceeds 6

 Build America Bonds..... 7

 Supply, Yield Curves, Total Return, Spreads & Ratios 7

 Trading Summary 8

 Municipal CDS 9

 Outstanding Municipal Debt..... 10

A Description of the Terminology in the Municipal Bond Credit Report..... 14

MARKET SUMMARY

The third quarter was tumultuous for the municipal market, opening the quarter with speculation over an early withdrawal of monetary stimulus, the Chapter 9 filing of Detroit and closing with the quarter with the beginning of the debt ceiling showdown.

Municipal Issuance Overview – Primary Market

According to Thomson Reuters, long-term municipal issuance volume, including taxable and tax-exempt issuance, totaled \$68.0 billion in the third quarter of 2013, a decline of 21.3 percent from the prior quarter (\$88.6 billion) and a decline of 18.7 percent year-over-year (y-o-y). Year to date, issuance was \$238.0 billion, 15.4 percent below the 10-year average of \$281.4 billion of issuance in the first nine months of the year.

Tax-exempt issuance totaled \$60.2 billion in 3Q'13, a decline of 18.6 percent and 11.3 percent q-o-q and y-o-y, respectively. Year to date, tax-exempt issuance totaled \$202.3 billion. Taxable issuance totaled \$5.5 billion, a decline of 56.1 percent and 48.6 percent q-o-q and y-o-y, respectively; year to date taxable issuance totaled \$28.8 billion. AMT issuance was \$2.2 billion, an increase of 7.5 percent from 2Q'13 but a decline of 54.9 percent y-o-y; year-to-date, AMT issuance totaled \$6.8 billion.

By use of proceeds, general purpose led issuance totals in 3Q'13 (\$14.2 billion), followed by higher education (\$9.6 billion), and primary and secondary education (\$8.7 billion).

Refunding volumes as a percentage of issuance dropped precipitously in the third quarter following a spike in interest rates at the end of the second quarter, falling to 42.7 percent of issuance compared to 2Q'13 (57.3 percent) and year-to-date (55.2 percent).¹

Yields, Inflows, and Total Return

Ratios of 10-year tax-exempt AAA GOs and similar-maturity Treasuries moved lower in the third quarter, ending at 103.5 percent, while ratios moved sharply higher on the shorter end of the curve.

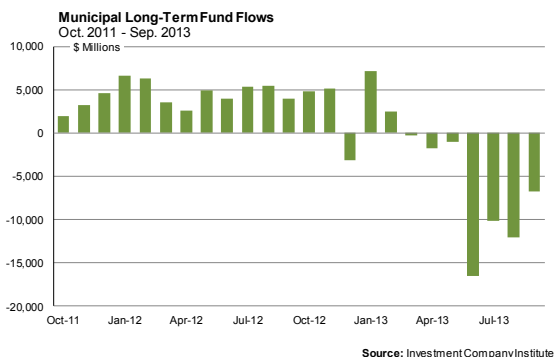
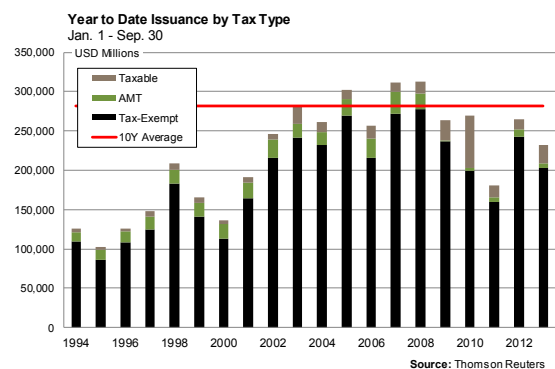
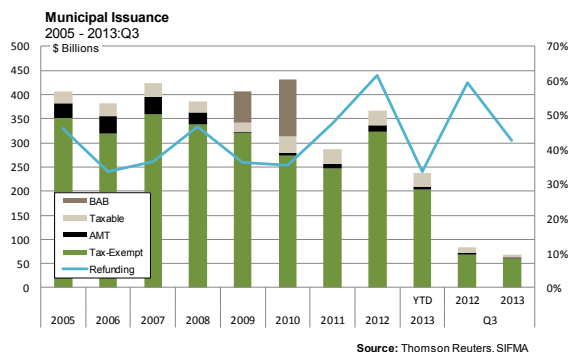
According to the Investment Company Institute (ICI), third quarter net flow into long-term municipal funds was negative, with \$28.9 billion of outflow, compared to \$19.3 billion of outflow from the prior quarter and \$14.8 billion of inflow y-o-y.

Tax-exempt money market funds reported a slight increase in assets in 3Q'13, reporting \$264.4 billion in assets under management at the end of September, an increase of \$2.7 billion, or 1.0 percent of assets, from 2Q'13.

Pricing pressures from fund outflows and the Detroit bankruptcy in July led to a second consecutive quarter of losses in municipals despite a slight recovery in September. According to Bank of America-Merrill Lynch indices, municipals was the worst performing asset class in the third quarter, losing 0.4 percent, while equities and high yield bonds had large gains. Build America Bonds (BABs) performed similarly poorly, with 0.9 percent of losses in the third quarter, compared to 0.7 percent from similarly-rated corporates.

Trading Activity Declines

Trading activity declined q-o-q to \$11.6 billion in 3Q'13, a 2.7 percent decline from 2Q'13 (\$12.0



¹ Percentages represent both full refundings and the full dollar amount of deals that contain both refundings and new financing.

billion) but an increase of 4.9 percent from 3Q'12 (\$11.1 billion). By number of trades, trading activity, however, picked up by 7.7 percent and 21.6 percent q-o-q and y-o-y, respectively.

Broker-dealer inventories fell in the second quarter. According to the Federal Reserve Flow of Funds, \$19.0 billion of municipal debt was held in broker-dealer inventories in the first quarter, compared to \$31.0 billion in 2Q'13 and \$29.0 billion in 3Q'12. The expectation of tapering led to an overall reduction of fixed income instruments on broker-dealer balance sheets in the second quarter.

Since the beginning of 2013, three broker-dealers (out of 73) newly registered with FINRA have listed themselves as municipal brokers or dealers.

CDS Update

According to DTCC, \$538.7 billion of credit default swap contracts on municipal names were executed in the third quarter, a decline of 69.6 percent and 51.1 percent, respectively, q-o-q and y-o-y. New contracts were concentrated on New Jersey, nearly a fivefold increase from the prior quarter. At the end of the third quarter, \$2.7 billion net notional of municipal CDS contracts were outstanding, unchanged from the prior quarter.

Municipal Insurer Update

Municipal Assurance Corp, a division of Assured Guaranty Ltd., launched on July 22, and insured its first bond in early August. The company is rated AA+ from Kroll Bond Rating Agency and AA- from Standard & Poor's Rating Services.

Although insurance as credit enhancement now is an exception among municipal bond issues, the pace of decline in the size of the insured municipal bond market has slowed since 3Q'12. As of the end of 3Q'13, approximately \$783.5 billion of municipal bonds are insured, representing approximately 23.3 percent of the market, a decline of 3.3 percent and 15.2 percent, respectively, q-o-q and y-o-y.

VRDO Issuance Remains At All Time Lows, and Floating Rate Notes Continue to Increase

Issuance of variable-rate demand obligations (VRDOs), puttable long-term municipal bonds with interest rates that reset periodically, increased slightly in the third quarter. According to Thomson Reuters, \$2.9 billion were issued in 3Q'13, an increase of 203.9 percent q-o-q but an 8.0 percent decline y-o-y.

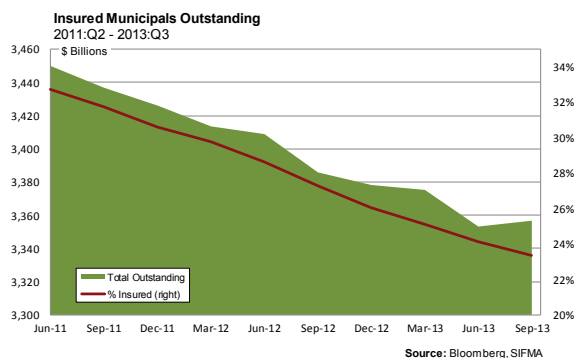
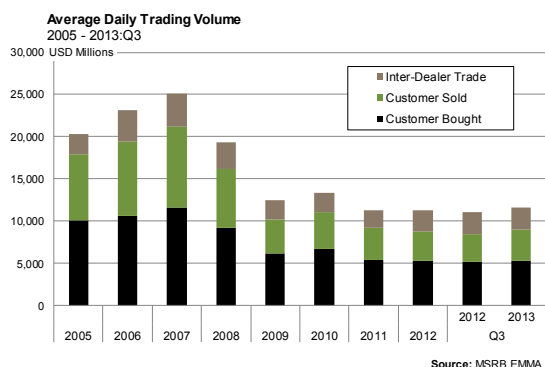
The SIFMA Municipal Swap index, a seven-day high-grade market index comprised of tax-exempt VRDOs, ended September at 0.07 percent, averaging 0.06 percent in 3Q'13, 8 basis points above 2Q'13's average (0.14 percent).

Issuance of floating rate bonds however, declined slightly in the third quarter, with \$1.7 billion of floating rate municipal bonds issued, a decline of 63.0 percent and 56.9 percent q-o-q and y-o-y.

Government Update

According to Nelson A. Rockefeller Institute of Government, states reported growth in overall state tax collections for the second quarter of 2013, in part driven by growth in personal income tax collections, increasing by 11.0 percent in nominal terms y-o-y, excluding California, growth was 14.9 percent.²

On July 18, Detroit filed for Chapter 9 bankruptcy.



² Nelson A. Rockefeller Institute of Government, "[Temporary "Bubble" in Income Tax Receipts](#)," September 18, 2013.

CHARTS & DATA

LONG-TERM MUNICIPAL STATE ISSUANCE, 3Q'13³\$ Millions⁴

State	Total	G.O. Revenue		AMT Tax-Exempt Taxable			New Refunding & New Financing Refinancing Refunding		
		G.O.	Revenue	AMT	Tax-Exempt	Taxable	New Financing	Refunding & New Refinancing	Refunding
Alabama	476.3	260.6	215.7	-	459.5	16.9	149.1	230.4	96.9
Alaska	223.5	157.9	65.6	-	223.4	-	164.2	26.4	32.9
Arizona	0.0								
Arkansas	818.6	624.0	194.6	1.2	798.6	18.9	529.4	49.7	239.5
California	9,886.0	2,813.9	7,072.1	383.6	8,647.6	854.8	3,658.9	2,777.1	3,450.1
Colorado	1,696.5	201.8	1,494.7	326.3	1,249.4	120.8	1,175.1	306.1	215.3
Connecticut	1,083.5	1,061.4	22.1	-	974.6	109.0	953.2	40.4	90.0
District of Columbia	345.8	-	345.8	-	345.8	-	345.8	-	-
Delaware	6.1	-	6.1	-	6.1	-	-	-	6.1
Florida	3,065.4	575.9	2,489.5	151.8	2,810.7	102.9	357.3	1,664.5	1,043.7
Georgia	1,201.4	53.1	1,148.3	-	1,151.8	49.6	155.9	443.5	602.1
Guam	247.3	-	247.3	199.0	48.3	-	-	247.3	-
Hawaii	201.2	-	201.2	-	201.2	-	42.2	159.0	-
Idaho	81.6	68.7	12.9	-	79.1	2.4	74.6	-	6.9
Illinois	1,384.2	690.3	693.9	-	1,267.4	116.8	758.8	221.1	404.4
Indiana	607.6	66.0	541.6	-	570.2	37.4	329.3	72.6	205.7
Iowa	403.1	151.6	251.5	-	400.8	2.3	293.7	36.5	72.9
Kansas	866.6	627.6	239.0	-	830.3	36.3	254.9	406.7	205.0
Kentucky	884.1	71.6	812.5	-	874.6	9.5	799.6	17.9	66.6
Louisiana	880.6	25.0	855.6	-	866.6	14.0	28.7	41.0	810.9
Maine	280.7	22.0	258.7	-	52.9	227.7	279.4	-	1.2
Maryland	1,084.3	605.1	479.2	23.3	1,021.0	40.0	1,029.8	-	54.5
Massachusetts	1,394.2	893.6	500.6	-	1,151.0	243.1	1,106.2	213.2	74.8
Michigan	648.7	190.8	457.9	55.0	593.7	-	319.0	93.3	236.4
Minnesota	910.2	737.9	172.3	-	888.1	22.1	770.2	9.6	130.3
Mississippi	168.2	87.2	81.0	-	134.4	33.8	93.4	60.5	14.3
Missouri	1,011.6	99.2	912.4	145.0	824.4	42.2	172.1	86.9	752.6
Montana	88.9	28.9	60.0	25.0	53.9	10.0	62.8	-	26.1
Nebraska	596.1	309.7	286.4	25.0	533.8	37.3	395.6	137.3	63.2
Nevada	137.2	137.2	-	-	137.2	-	41.4	-	95.9
New Hampshire	24.2	12.2	12.0	-	24.2	-	24.2	-	-
New Jersey	1,755.8	610.3	1,145.5	-	1,745.1	10.7	1,614.4	5.6	135.8
New Mexico	276.7	106.5	170.2	-	275.7	1.0	152.8	123.9	-
New York	7,931.5	2,502.2	5,429.3	33.4	7,400.2	497.9	4,691.2	2,044.9	1,195.4
North Carolina	384.3	146.7	237.6	-	317.7	66.6	106.5	133.5	144.3
North Dakota	315.5	162.0	153.5	-	314.2	1.3	251.4	6.6	57.5
Ohio	2,787.0	1,087.2	1,699.8	-	2,483.1	304.0	2,192.6	402.5	192.0
Oklahoma	644.6	85.2	559.4	-	487.0	157.6	477.2	99.6	67.9
Oregon	887.2	388.6	498.6	-	879.3	7.9	350.6	248.5	288.1
Pennsylvania	2,411.5	747.5	1,664.0	100.0	2,269.0	42.5	1,259.9	387.8	763.8
Puerto Rico	-	-	673.1	-	673.1	-	673.1	-	-
Rhode Island	22.7	22.7	-	-	22.7	-	10.6	12.2	-
South Carolina	2,533.7	209.8	2,323.9	144.9	1,685.5	703.4	900.7	1,353.1	279.9
South Dakota	72.5	69.7	2.8	-	72.5	-	64.7	-	7.8
Tennessee	458.9	194.6	264.3	-	315.7	143.2	222.0	62.6	174.3
Texas	11,187.7	4,994.7	6,193.0	501.2	9,604.3	1,082.2	7,932.5	945.0	2,310.2
Utah	790.8	395.3	395.5	-	629.2	161.5	767.9	22.9	-
Vermont	107.0	7.0	100.0	17.2	89.9	-	73.1	34.0	-
Virgin Islands	-	-	87.4	-	87.4	-	-	-	87.4
Virginia	850.5	362.2	488.3	-	839.2	11.3	709.0	141.6	-
Washington	1,835.3	1,277.7	557.6	8.4	1,723.3	103.5	1,573.6	133.1	128.6
West Virginia	297.9	-	297.9	27.5	268.4	2.0	48.1	210.7	39.1
Wisconsin	904.4	657.1	247.3	54.1	757.1	93.2	478.0	233.1	193.5
Wyoming	64.4	9.0	55.4	-	64.4	-	64.4	-	-
ALL	67,984.1	24,609.2	43,374.9	2,221.9	60,224.6	5,537.6	38,979.1	13,942.2	15,063.9
QoQ	-23.3%	-33.5%	-16.0%	7.5%	-18.6%	-56.1%	2.9%	-24.4%	-53.4%
YoY	-18.7%	-11.5%	-22.2%	-54.9%	-11.3%	-48.6%	15.3%	-22.8%	-52.5%

³ Issuance totals do not include private placements.⁴ Due to securities falling into more than one category within subcategories, state breakouts are not identical to other non-state-specific breakdowns, particularly related to coupon types (e.g., zeros are higher by dollar amount when broken out by state but would instead be assigned to the convertible or fixed rate categories when not broken out by state). This is a quirk of the SDC database.

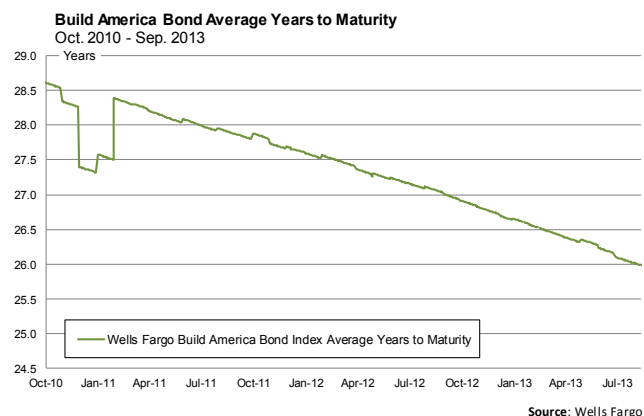
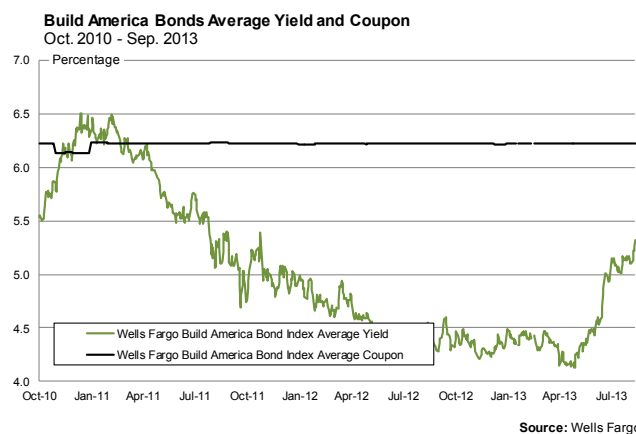
State	Total	Convertible	Fixed Rate	Linked Rate	Variable Rate Long	Variable Rate Short (VRDO)	Zero
Alabama	476.3	-	476.4	-	-	-	-
Alaska	223.5						
Arizona	0.0	-	223.4	-	-	-	-
Arkansas	818.6	-	818.7	-	-	-	-
California	9,886.0	261.5	8,416.9	78.0	930.0	48.3	151.3
Colorado	1,696.5	-	1,630.4	66.1	-	-	-
Connecticut	1,083.5	-	975.3	108.3	-	-	-
District of Columbia	345.8	-	345.8	-	-	-	-
Delaware	6.1	-	6.1	-	-	-	-
Florida	3,065.4	-	3,053.4	-	-	12.0	-
Georgia	1,201.4	-	710.8	371.7	71.7	47.2	-
Guam	247.3	-	247.3	-	-	-	-
Hawaii	201.2	-	201.2	-	-	-	-
Idaho	81.6	-	81.5	-	-	-	-
Illinois	1,384.2	-	1,381.1	-	-	-	3.1
Indiana	607.6	-	514.4	-	53.9	39.2	-
Iowa	403.1	-	403.1	-	-	-	-
Kansas	866.6	-	866.6	-	-	-	-
Kentucky	884.1	-	815.4	-	13.0	55.8	-
Louisiana	880.6	-	793.7	-	-	86.9	-
Maine	280.7	-	280.6	-	-	-	-
Maryland	1,084.3	-	954.2	-	-	130.1	-
Massachusetts	1,394.2	-	1,373.4	-	-	20.7	-
Michigan	648.7	-	468.7	-	-	180.0	-
Minnesota	910.2	-	904.1	-	-	-	6.1
Mississippi	168.2	-	168.1	-	-	-	-
Missouri	1,011.6	-	1,011.5	-	-	-	-
Montana	88.9	-	88.9	-	-	-	-
Nebraska	596.1	-	596.1	-	-	-	-
Nevada	137.2	-	137.2	-	-	-	-
New Hampshire	24.2	-	24.2	-	-	-	-
New Jersey	1,755.8	-	1,685.8	-	-	70.0	-
New Mexico	276.7	-	276.7	-	-	-	-
New York	7,931.5	-	6,959.3	181.8	-	790.4	-
North Carolina	384.3	-	384.3	-	-	-	-
North Dakota	315.5	-	315.5	-	-	-	-
Ohio	2,787.0	145.0	2,500.4	-	-	-	141.6
Oklahoma	644.6	-	644.6	-	-	-	-
Oregon	887.2	-	719.6	161.7	-	-	6.0
Pennsylvania	2,411.5	-	1,944.2	288.6	4.0	108.4	66.3
Puerto Rico		-	673.1	-	-	-	-
Rhode Island	22.7	-	22.7	-	-	-	-
South Carolina	2,533.7	-	2,083.7	450.0	-	-	-
South Dakota	72.5	-	72.5	-	-	-	-
Tennessee	458.9	-	329.2	-	-	129.7	-
Texas	11,187.7	277.0	9,389.3	-	277.5	1,152.3	91.5
Utah	790.8	-	790.7	-	-	-	-
Vermont	107.0	-	99.8	-	-	7.2	-
Virgin Islands		-	87.4	-	-	-	-
Virginia	850.5	-	850.5	-	-	-	-
Washington	1,835.3	-	1,823.7	-	11.5	-	-
West Virginia	297.9	-	297.9	-	-	-	-
Wisconsin	904.4	-	904.5	-	-	-	-
Wyoming	64.4	-	64.4	-	-	-	-
ALL	67,984.1	683.5	60,888.3	1,706.2	1,361.6	2,878.2	465.9
QoQ	-23.3%	752.2%	-25.6%	-63.0%	42.0%	203.9%	102.0%
YoY	-18.7%	N/A	-20.0%	-56.9%	432.9%	-8.0%	257.0%

LONG-TERM MUNICIPAL ISSUANCE BY GENERAL USE OF PROCEEDS

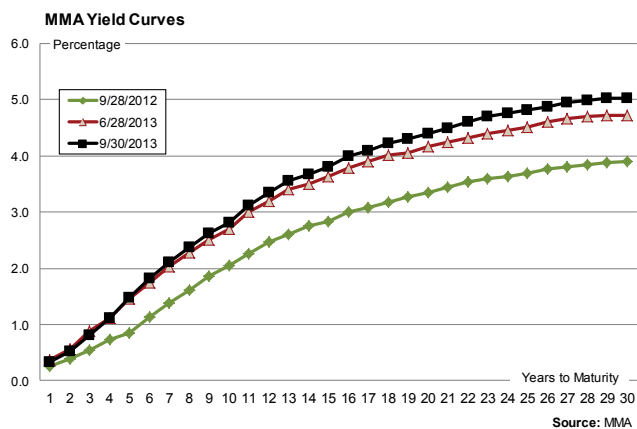
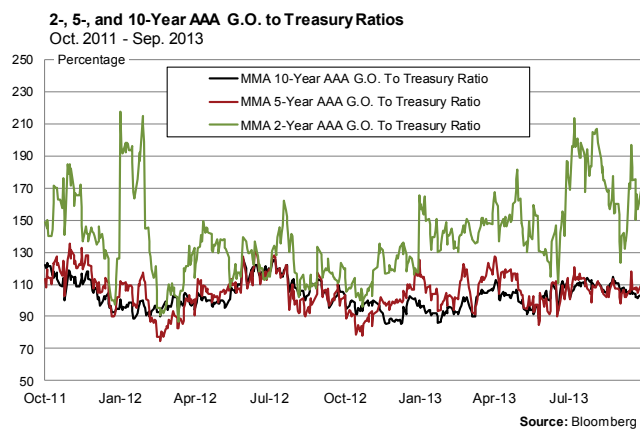
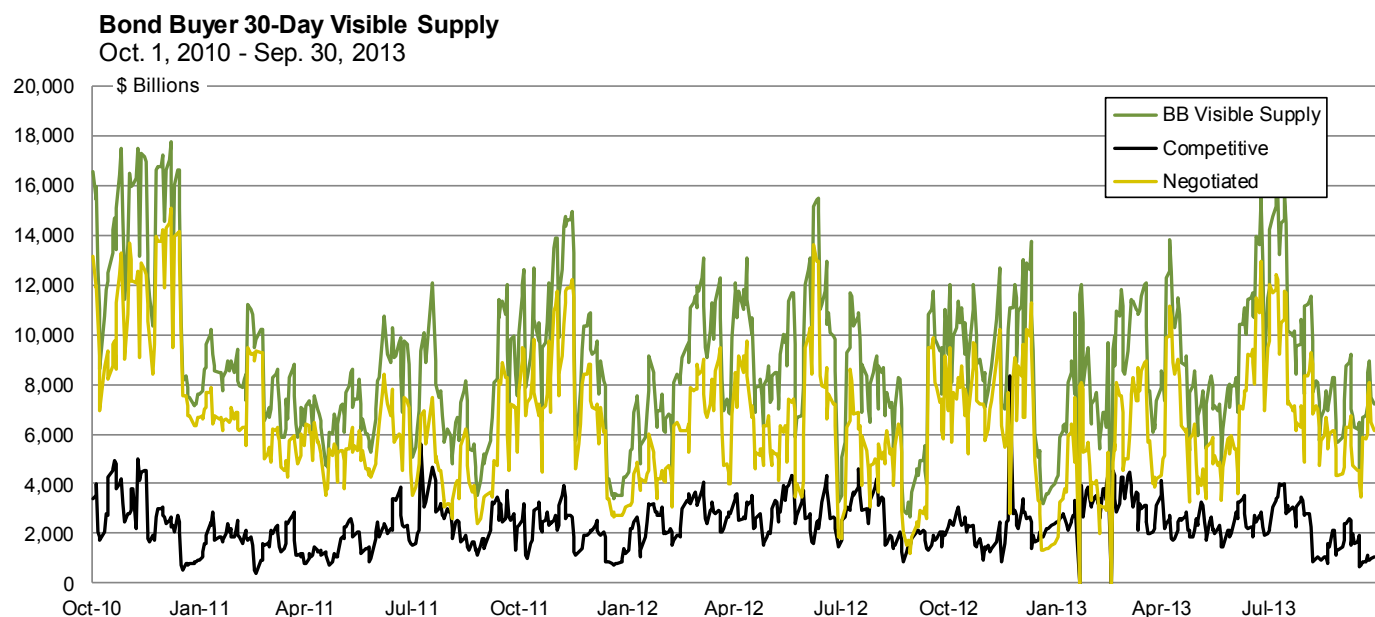
\$ Millions

Use of Proceeds	3Q'12	2Q'13	3Q'13	Q-o-Q	Y-o-Y
Agriculture	2.5		5.0		100.0%
Airports	4,404.5	1,588.6	3,098.4	95.0%	-29.7%
Assisted Living	196.7	164.8	86.3	-47.6%	-56.1%
Bridges	2,157.9	531.3	1,186.5	123.3%	-45.0%
Childrens hospital	647.0		249.4		-61.5%
Civic & convention centers	278.2	730.3	139.2	-80.9%	-50.0%
Combined utilities	552.8	1,031.0	51.5	-95.0%	-90.7%
Cont Care Retirement Community	784.6	518.3	320.9	-38.1%	-59.1%
Correctional facilities	75.4	273.4	195.7	-28.4%	159.5%
Economic development	2,274.2	2,500.2	758.0	-69.7%	-66.7%
Fire stations & equipment	72.4	99.6	67.8	-31.9%	-6.4%
Flood control	39.5	251.3	83.5	-66.8%	111.4%
Gas	64.0	111.1	46.4	-58.2%	-27.5%
General acute care hospital	5,868.5	4,877.8	3,733.9	-23.5%	-36.4%
General Medical	1.3	177.4	354.2	99.7%	27146.2%
General purpose /public improvement	20,209.6	20,831.5	14,194.5	-31.9%	-29.8%
Government buildings	295.2	541.0	408.2	-24.5%	38.3%
Higher education	5,956.4	8,443.4	9,631.0	14.1%	61.7%
Industrial development	957.0	1,249.8	153.3	-87.7%	-100.0%
Libraries & museums	231.7	220.4	119.5	-45.8%	-48.4%
Mass transportation	3,822.6	4,290.5	2,384.5	-44.4%	-37.6%
Multi family housing	751.0	1,182.9	1,405.0	18.8%	87.1%
Nursing homes	70.1	32.2	92.0	185.7%	31.2%
Office buildings		87.4		-100.0%	
Other education	157.6	129.6	140.2	8.2%	-11.0%
Other recreation	116.1	154.4	72.5	-53.0%	-37.6%
Other transportation	15.9				-100.0%
Parking facilities	87.0	93.0	61.7	-33.7%	-29.1%
Parks, Zoos & Beaches	109.7	124.2	297.6	139.6%	171.3%
Police stations & equipment	9.4	17.9	59.1	230.2%	528.7%
Pollution control	264.8	753.3	322.4	-57.2%	21.8%
Primary & secondary education	12,429.8	16,518.7	8,712.0	-47.3%	-29.9%
Public power	3,131.2	2,410.6	3,280.7	36.1%	4.8%
Sanitation	72.2	97.5	192.8	97.7%	167.0%
Seaports /marine terminals	217.8	97.6	426.1	336.6%	95.6%
Single family housing	1,441.0	2,566.9	793.6	-69.1%	-44.9%
Single specialty hospital	136.4	616.2	50.9	-91.7%	-62.7%
Solid waste	1.6	101.5	44.1	-56.6%	2656.3%
Stadiums & sports complexes	415.9	64.5	61.9	-4.0%	-85.1%
Student loans	2,390.4	2,404.1	180.0	-92.5%	-92.5%
Telecommunications	15.4	59.3	46.5	-21.6%	201.9%
Theatres	29.3		116.0		295.9%
Toll roads, highways & streets	4,386.3	3,943.7	7,808.2	98.0%	78.0%
Veterans (exclusing housing)	9.0				-100.0%
Water & sewer facilities	8,445.2	8,730.7	6,552.6	-24.9%	-22.4%
ALL	83,595.1	88,617.9	67,983.6	-23.3%	-18.7%

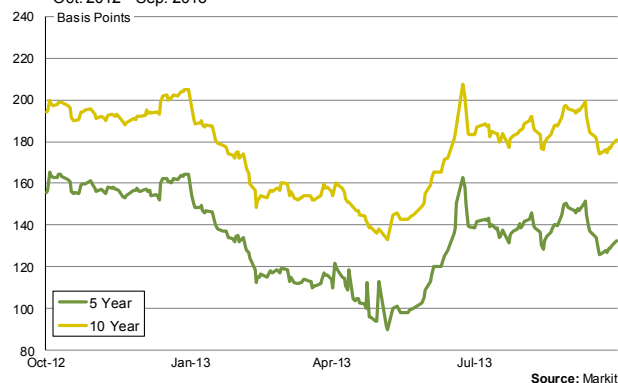
BUILD AMERICA BONDS



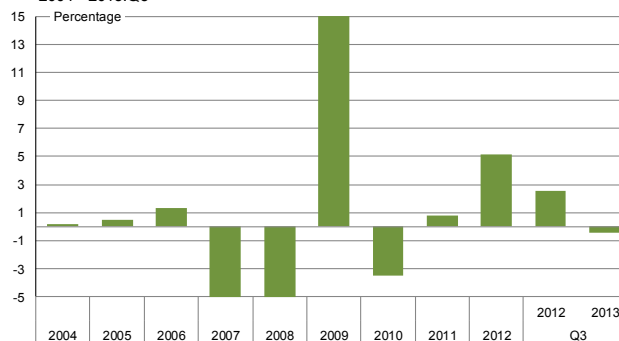
SUPPLY, YIELD CURVES, TOTAL RETURN, SPREADS & RATIOS



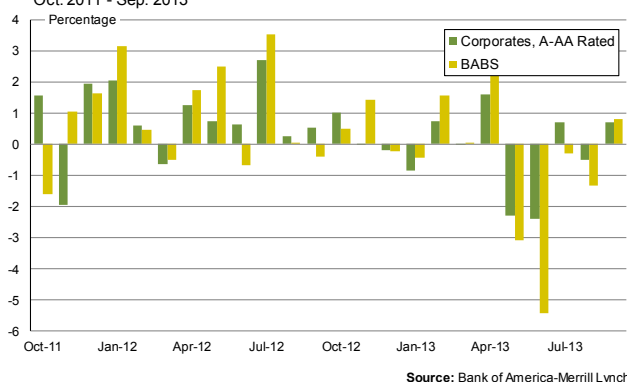
MCDX (5- and 10- Year)
Oct. 2012 - Sep. 2013



Municipal Total Return
2004 - 2013:Q3



Corporate versus Build America Bonds Total Return
Oct. 2011 - Sep. 2013



TRADING SUMMARY

	Total Number of Trades				Par Amount (Millions)			
	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades
2012:Q3	1,096,974	633,835	976,317	2,707,126	362,503	239,096	163,611	\$765,210
2013:Q3	1,350,281	631,818	934,169	2,916,268	338,575	237,908	168,091	\$744,574
%Change	23%	0%	-4%	8%	-7%	0%	3%	-3%

	# of Trades					Par Amount (Millions)				
	0 - 100,000	100,001 - 500,000	500,001 - 1,000,000	1,000,000+	All Trades	0 - 100,000	100,001 - 500,000	500,001 - 1,000,000	1,000,000+	All Trades
2012:Q3	83%	12%	2%	3%	2,707,126	9%	10%	6%	75%	\$765,210
2013:Q3	84%	11%	2%	3%	2,916,268	10%	10%	6%	73%	\$744,574
%Change	1%	-8%	0%	0%	8%	11%	0%	0%	-3%	0%

	Trades by Sector						
	Education	Health	Utility	Various Purpose	Transportation	Tax-Revenue	Other
2012:Q3	18%	12%	11%	9%	8%	8%	34%
2013:Q3	16%	13%	11%	9%	11%	10%	30%
%Change	-11%	8%	0%	0%	38%	25%	-12%

	Trades by Maturity					
	1 Year or Less	1+ Year to 5 Years	5+ Years to 10 Years	10+ Years to 20 Years	20+ Years	Total (Millions)
2012:Q3	4%	9%	14%	30%	42%	\$765,210
2013:Q3	5%	10%	13%	29%	43%	\$744,574
%Change	25%	11%	-7%	-3%	2%	-3%

	Trades by Source of Repayment				
	Revenue	General Obligation	Double Barrel	Not Available	Total (Millions)
2012:Q3	73%	25%	2%	0%	\$765,210
2013:Q3	74%	24%	2%	0%	\$744,574
%Change	1%	-4%	0%	N/A	-3%

	Trades by Coupon Type				
	Fixed Rate	Variable Rate	Zero Coupon	Not Available	Total (Millions)
2012:Q3	58%	39%	3%	0%	\$765,210
2013:Q3	63%	33%	4%	0%	\$744,574
%Change	9%	-15%	33%	N/A	-3%

Source: MSRB EMMA

MUNICIPAL CDS

Market Risk Activity of Single-Name Municipal CDS (\$ millions) ⁵

State	California	Florida	Illinois	Michigan	New Jersey	New York	Texas	New York City	Massachusetts	TOTAL	Average Contract Size
Oct-12	35.7		45.0			20.0				100.7	12.6
Nov-12	64.3	68.9	31.8		62.7	18.0	33.0	12.0		290.7	5.9
Dec-12	20.0	27.0	28.2		1.0	21.5	10.0	1.4		109.1	4.7
Jan-13	200.0		21.7		5.2	5.0	0.4	13.1		245.3	9.8
Feb-13	235.0	40.0	161.0		15.0	2.2	54.9	119.1		627.2	10.5
Mar-13	85.0	25.0	105.1		10.0	25.0	40.0	60.0	10.0	360.1	7.8
Apr-13	102.5		77.0	50.0	0.4			15.0	30.0	274.9	9.2
May-13	446.6	40.0	200.0	49.0	5.2		11.8	25.0	15.0	792.6	7.8
Jun-13	243.6	30.0	354.0		19.0		30.0	10.0	15.0	701.6	15.3
Jul-13	15.5		15.0			10.0		10.0	15.0	65.5	5.0
Aug-13	15.0	10.0	70.0		0.4			14.0		109.4	8.4
Sep-13	107.8	20.0	30.0	20.0	140.0		1.8	44.2		363.8	5.9
3Q'13	138.3	30.0	115.0		140.4	10.0	1.8	68.2	15.0	538.7	6.1
Q-o-Q	-82.6%	-57.1%	-81.8%	-79.8%	470.7%		-95.8%	36.4%	-75.0%	-69.6%	
Y-o-Y	-78.5%		-45.4%		3.2%	0.0%	-82.5%	-24.2%		-51.1%	

Source: DTCC

CDS Spreads for Single Name States (5- and 10-year, bps)

5-Year	Illinois	California	Connecticut	Nevada	New Jersey	Ohio	Michigan	Pennsylvania	Florida	New York	Massachusetts	Wisconsin	Maryland	North Carolina	Texas	Delaware	Minnesota
9/30/2011	263.0	226.0	156.0	155.0	151.0	150.0	142.0	135.0	126.0	121.0	119.0	118.0	88.0	82.0	82.0	81.7	51.5
12/31/2011	285.0	234.1	134.0	116.0	176.0	171.0	154.0	152.0	137.0	151.0	143.0	124.0	90.0	85.0	91.0	N/A	108.0
3/30/2012	217.0	180.2	127.0	99.0	140.0	122.0	132.0	122.0	103.0	124.0	118.0	87.0	71.0	71.0	82.0	59.0	85.0
6/29/2012	221.0	189.8	135.0	117.0	148.0	130.0	138.0	133.0	106.0	110.0	129.0	95.0	111.0	83.0	78.0	68.0	91.0
9/30/2012	205.0	195.2	119.0	111.0	135.0	124.0	119.0	111.0	94.0	97.0	93.0	87.0	97.0	68.0	65.0	48.9	60.0
12/31/2012	179.0	151.5	108.0	110.0	111.0	112.0	114.0	82.0	75.0	83.0	88.0	79.0	86.0	52.0	62.0	43.3	62.0
3/31/2013	139.0	88.1	84.0	76.0	76.0	76.0	84.0	61.0	51.0	51.0	59.0	48.0	47.0	45.0	45.0	34.5	48.0
6/28/2013	165.0	110.0	82.0	71.0	67.0	73.0	71.0	52.0	47.0	43.0	50.0	44.0	38.0	36.0	42.0	36.5	42.0
9/30/2013	174.0	106.7	83.0	75.0	68.0	69.0	68.0	49.0	43.0	44.0	49.0	39.0	34.0	33.0	37.0	36.5	36.0
Q-o-Q	5.5%	-3.0%	1.2%	5.6%	1.5%	-5.5%	-4.2%	-5.8%	-8.5%	2.3%	-2.0%	-11.4%	-10.5%	-8.3%	-11.9%	0.0%	-14.3%
Y-o-Y	-15.1%	-45.4%	-30.3%	-32.4%	-49.6%	-44.4%	-42.9%	-55.9%	-54.3%	-54.6%	-47.3%	-55.2%	-64.9%	-51.5%	-43.1%	-25.3%	-40.0%

Source: CMA Datavision

10-Year	Illinois	California	Connecticut	Nevada	New Jersey	Ohio	Michigan	Pennsylvania	Florida	New York	Massachusetts	Wisconsin	Maryland	North Carolina	Texas	Delaware	Minnesota
9/30/2011	280.0	266.7	181.0	173.0	182.0	153.0	177.0	154.0	142.0	147.0	135.0	140.0	105.0	105.0	100.0	100.0	110.0
12/31/2011	297.0	269.4	166.0	154.0	207.0	173.0	188.0	172.0	155.0	167.0	160.0	147.0	108.0	108.0	109.0	N/A	125.0
3/30/2012	240.0	206.9	155.0	135.0	160.0	133.0	154.0	135.0	130.0	137.0	129.0	124.0	88.0	90.0	93.0	75.5	99.0
6/29/2012	221.0	189.8	135.0	117.0	148.0	130.0	138.0	133.0	106.0	110.0	129.0	95.0	111.0	83.0	78.0	68.0	91.0
9/30/2012	254.0	209.4	157.0	146.0	157.0	141.0	152.0	124.0	121.0	123.0	120.0	121.0	96.0	86.0	88.0	75.6	79.0
12/31/2012	234.0	191.2	156.0	150.0	156.0	140.0	153.0	129.0	111.0	120.0	122.0	121.0	90.0	85.0	87.0	72.5	89.0
3/31/2013	191.0	130.4	124.0	111.0	117.0	100.0	124.0	99.0	87.0	87.0	96.0	79.0	71.0	67.0	68.0	60.9	68.0
6/28/2013	217.0	160.0	122.0	104.0	115.0	99.0	119.0	100.0	90.0	86.0	95.0	78.0	74.0	69.0	70.0	66.6	69.0
9/30/2013	223.0	150.4	123.0	109.0	112.0	94.0	114.0	98.0	86.0	80.0	94.0	70.0	66.0	64.0	63.0	67.3	66.0
Q-o-Q	2.8%	-6.0%	0.8%	4.8%	-2.6%	-5.1%	-4.2%	-2.0%	-4.4%	-7.0%	-1.1%	-10.3%	-10.8%	-7.2%	-10.0%	1.0%	-4.3%
Y-o-Y	-12.2%	-28.2%	-21.7%	-25.3%	-28.7%	-33.3%	-25.0%	-21.0%	-28.9%	-35.0%	-21.7%	-42.1%	-31.3%	-25.6%	-28.4%	-11.0%	-16.5%

Source: CMA Datavision

⁵ "Market risk activity" (as defined by DTCC): The gross notional and contract counts include transaction types of new trades between two parties, a termination of an existing transaction, or the new leg of an assignment representing the trade between the step-in party and the remaining party. Excludes transactions which do not result in a change in the market risk position of the market participants, and are not market activity. For example, central counterparty clearing, and portfolio compression both terminate existing transactions and re-book new transactions or amend existing transactions. These transactions still maintain the same risk profile and consequently are not included as "market risk transfer activity."

OUTSTANDING MUNICIPAL DEBT

Outstanding by Type, Maturity, and Security Type⁶

\$ Millions

State	Total Outstanding	G.O.	Revenue	Due in 13 Months	Long-Term	2013:Q2 Total Outstanding	% Change
AK Alaska	10,385.3	2,650.0	7,735.2	704.8	9,680.5	10,759.0	-3.5%
AL Alabama	31,190.7	5,873.4	25,317.2	1,013.9	30,176.8	31,735.2	-1.7%
AR Arkansas	12,870.7	5,318.2	7,552.6	586.8	12,284.0	12,448.9	3.4%
AZ Arizona	52,907.6	10,252.7	42,654.9	2,446.2	50,461.5	53,952.9	-1.9%
CA California	546,313.8	198,947.9	347,365.9	27,728.3	518,585.4	540,678.3	1.0%
CO Colorado	56,847.6	12,470.6	44,377.1	2,622.4	54,225.2	55,612.7	2.2%
CT Connecticut	42,542.3	23,250.0	19,292.3	3,339.3	39,203.0	42,758.3	-0.5%
DC District of Columbia	28,768.5	1,881.3	26,887.2	549.8	28,218.6	29,644.6	-3.0%
DE Delaware	7,498.8	2,413.0	5,085.8	372.7	7,126.1	7,678.4	-2.3%
FL Florida	148,688.6	17,277.4	131,411.3	6,016.2	142,672.4	149,884.6	-0.8%
GA Georgia	70,090.1	15,986.6	54,103.5	3,288.8	66,801.3	70,729.2	-0.9%
GU Guam	2,302.4	412.8	1,889.6	21.7	2,280.6	2,216.2	3.9%
HI Hawaii	15,201.3	9,045.3	6,156.0	751.9	14,449.4	15,234.7	-0.2%
IA Iowa	20,682.4	5,873.9	14,808.5	1,176.5	19,505.9	20,495.7	0.9%
ID Idaho	9,578.8	5,272.0	4,306.8	1,094.0	8,484.7	9,808.3	-2.3%
IL Illinois	158,203.0	79,850.3	78,352.7	6,198.2	152,004.8	159,175.0	-0.6%
IN Indiana	52,507.6	1,025.8	51,481.8	2,363.4	50,144.1	54,898.6	-4.4%
KS Kansas	21,525.8	9,166.1	12,359.8	1,862.4	19,663.5	21,672.6	-0.7%
KY Kentucky	33,869.0	1,703.9	32,165.1	1,570.6	32,298.4	33,947.2	-0.2%
LA Louisiana	33,605.2	6,349.7	27,255.5	1,259.4	32,345.8	34,089.4	-1.4%
MA Massachusetts	93,027.5	32,471.5	60,556.0	6,095.6	86,931.9	92,567.3	0.5%
MD Maryland	47,643.2	22,906.1	24,737.1	2,656.3	44,986.9	47,651.4	0.0%
ME Maine	8,119.3	1,664.1	6,455.2	561.2	7,558.2	8,010.3	1.4%
MI Michigan	78,707.0	15,848.2	62,858.8	3,954.3	74,752.7	79,602.3	-1.1%
MN Minnesota	48,254.4	23,276.6	24,977.9	2,742.4	45,512.0	48,377.8	-0.3%
MO Missouri	46,910.3	9,368.9	37,541.4	1,710.4	45,200.0	47,271.7	-0.8%
MS Mississippi	18,114.0	6,184.0	11,930.1	674.5	17,439.5	18,333.8	-1.2%
MT Montana	11,219.5	8,189.5	3,030.1	738.1	10,481.5	11,324.7	-0.9%
NC North Carolina	53,979.4	13,133.3	40,846.1	2,590.0	51,389.4	54,658.2	-1.2%
ND North Dakota	4,252.1	1,206.8	3,045.3	220.7	4,031.4	4,002.6	6.2%
NE Nebraska	17,733.3	4,928.6	12,804.7	947.8	16,785.5	17,455.4	1.6%
NH New Hampshire	9,964.7	2,304.5	7,660.3	534.3	9,430.4	10,083.2	-1.2%
NJ New Jersey	117,884.1	23,973.5	93,910.6	10,046.6	107,837.5	117,536.4	0.3%
NM New Mexico	14,349.3	3,073.2	11,276.1	866.2	13,483.1	14,404.8	-0.4%
NV Nevada	28,313.7	13,975.9	14,337.8	1,127.0	27,186.7	28,591.4	-1.0%
NY New York	367,695.2	79,261.0	288,434.3	18,588.7	349,106.5	366,538.9	0.3%
OH Ohio	106,579.1	29,496.6	77,082.5	5,194.1	101,385.1	104,935.9	1.6%
OK Oklahoma	19,488.6	3,344.5	16,144.2	1,504.0	17,984.6	19,307.4	0.9%
OR Oregon	35,001.5	18,997.3	16,004.1	2,159.8	32,841.6	34,001.0	2.9%
OT Other Territories	9,296.5	25.0	9,271.5	257.6	9,038.9	9,046.7	2.8%
PA Pennsylvania	129,348.6	43,329.2	86,019.4	6,348.7	122,999.8	130,855.3	-1.2%
PR Puerto Rico	104,356.9	10,601.7	93,755.1	1,787.4	102,569.5	103,505.9	0.8%
RI Rhode Island	13,056.6	1,887.2	11,169.3	451.3	12,605.3	13,368.3	-2.3%
SC South Carolina	37,722.1	8,583.7	29,138.4	2,107.2	35,614.9	35,524.7	6.2%
SD South Dakota	6,850.5	3,085.5	3,764.9	369.6	6,480.9	6,976.5	-1.8%
TN Tennessee	38,542.9	13,736.8	24,806.1	1,935.7	36,607.1	38,963.3	-1.1%
TT Trust Territories	275.2	91.4	183.8		275.2	276.5	-0.4%
TX Texas	304,872.0	142,492.9	162,379.1	17,785.3	287,086.7	303,768.9	0.4%
UT Utah	21,172.5	6,893.5	14,279.0	1,036.3	20,136.2	20,629.2	2.6%
VA Virginia	61,939.4	12,866.2	49,073.2	3,041.2	58,898.2	62,822.0	-1.4%
VI Virgin Islands	2,373.5		2,373.5	57.1	2,316.4	2,351.1	1.0%
VT Vermont	6,442.5	621.7	5,820.8	266.0	6,176.5	6,419.2	0.4%
WA Washington	78,978.0	37,297.6	41,680.4	3,573.6	75,404.3	77,876.6	1.4%
WI Wisconsin	43,980.9	21,093.4	22,887.5	3,023.8	40,957.1	44,191.8	-0.5%
WV West Virginia	11,416.4	935.6	10,480.9	1,037.7	10,378.7	11,270.8	1.3%
WY Wyoming	3,301.6	134.3	3,167.3	124.8	3,176.8	3,296.1	0.2%
TOTAL (9/30/2013)	3,356,742.2	1,032,300.5	2,324,441.7	171,082.9	3,185,659.3	3,353,217.2	0.1%
TOTAL (6/30/2013)	3,353,217.2	1,027,582.7	2,325,634.5	164,074.0	3,189,143.2		
TOTAL (3/31/2013)	3,375,292.2	1,033,101.6	2,342,190.7	177,034.6	3,198,257.7		
TOTAL (12/31/2012)	3,378,237.7	1,032,977.4	2,345,260.3	179,369.3	3,198,868.4		
TOTAL (9/30/2012)	3,385,831.1	1,034,909.2	2,350,921.9	180,072.7	3,205,758.5		

⁶ Outstanding includes both short- and long-term municipal debt, including certain preferred fund shares (e.g., VRDPS). "Due in 13 months" looks at original maturity and will not include securities with short puts unless original maturity is within 13 months. Outstanding does not include refunded (inclusive of prerefunded) debt and derivatives. See additional tables for prerefunded and derivatives debt. The chart replaces "Outstanding by Insurance" from prior municipal reports. For comparability against Federal Reserve's Flow of Funds, aggregate prerefunded with outstanding but not derivatives; differences between the two aggregates afterward are due to underlying database differences (Fed: Mergent; these tables: Bloomberg).

Outstanding and by Tax Status, Coupon, Use of Proceeds, Industry⁷

\$ Millions

State	Total Outstanding	Tax-Exempt	AMT	Taxable	Fixed	Zero	FRN	Other	Industry	Total Outstanding
AK Alaska	10,385.3	8,435.0	780.5	1,169.8	7,760.6	220.7		2,404.0	Airport	84,852.7
AL Alabama	31,190.7	23,791.1	1,339.2	6,060.3	23,032.4	481.9		7,676.4	Development	130,290.3
AR Arkansas	12,870.7	7,638.0	438.7	4,794.1	11,496.1	376.7		998.0	Education	688,633.4
AZ Arizona	52,907.6	45,751.1	1,820.4	5,336.1	46,539.2	37.2		6,331.2	GO	641,456.5
CA California	546,313.8	430,161.8	20,734.0	95,418.0	387,025.5	77,146.8		82,141.5	Healthcare	267,545.9
CO Colorado	56,847.6	41,120.2	3,670.1	12,057.4	44,386.4	3,501.7		8,959.6	Housing	143,810.0
CT Connecticut	42,542.3	31,690.7	1,482.0	9,369.6	35,713.9	475.1		6,353.3	Other	671,760.1
DC District of Columbia	28,768.5	21,508.6	4,189.0	3,070.9	17,859.1	5,665.9		5,243.5	Public Facilities	104,011.7
DE Delaware	7,498.8	5,489.9	527.5	1,481.4	5,684.1	86.6		1,728.1	Student Loan	44,796.7
FL Florida	148,688.6	123,123.1	12,539.2	13,026.3	121,849.1	3,371.8		23,467.7	Transportation	228,426.3
GA Georgia	70,090.1	55,420.1	4,026.4	10,643.6	55,350.3	147.3		14,592.5	Utilities	351,158.5
GU Guam	2,302.4	2,044.1	203.6	54.7	2,186.9	115.5		-	TOTAL (9/30/2013)	3,356,742.2
HI Hawaii	15,201.3	12,190.4	1,160.7	1,850.2	14,511.8	44.7		644.9		
IA Iowa	20,682.4	12,883.7	799.5	6,999.2	17,654.7	556.4		2,471.2		
ID Idaho	9,578.8	4,302.2	740.1	4,536.4	4,919.7	79.3		4,579.8		
IL Illinois	158,203.0	101,777.2	7,575.5	48,850.4	122,737.9	16,443.4		19,021.7		
IN Indiana	52,507.6	36,794.9	3,769.7	11,942.9	37,844.0	1,169.8		13,493.8		
KS Kansas	21,525.8	13,976.6	624.5	6,924.8	19,507.6	298.0		1,720.3		
KY Kentucky	33,869.0	21,477.4	2,557.4	9,834.2	25,646.0	470.9		7,752.1		
LA Louisiana	33,605.2	26,443.0	1,405.4	5,756.8	25,656.9	547.3		7,401.0		
MA Massachusetts	93,027.5	77,064.6	4,324.9	11,638.0	74,764.6	1,176.9		17,086.0		
MD Maryland	47,643.2	38,457.9	2,446.7	6,738.6	40,836.7	152.0		6,654.5		
ME Maine	8,119.3	5,832.1	935.8	1,351.5	7,075.5			1,043.9		
MI Michigan	78,707.0	57,933.7	4,926.1	15,847.2	55,802.3	8,120.6		14,784.0		
MN Minnesota	48,254.4	32,988.4	2,513.7	12,752.3	40,458.9	824.2		6,971.3		
MO Missouri	46,910.3	30,616.1	1,500.1	14,794.2	33,865.6	937.2		12,107.6		
MS Mississippi	18,114.0	11,486.4	945.0	5,682.6	12,025.5	3.0		6,085.5		
MT Montana	11,219.5	2,216.1	429.6	8,573.8	2,945.2	10.2		8,264.2		
NC North Carolina	53,979.4	46,652.7	1,745.4	5,581.4	41,918.2	252.7		11,808.6		
ND North Dakota	4,252.1	2,725.2	381.7	1,145.3	3,800.0			452.1		
NE Nebraska	17,733.3	12,366.9	396.7	4,969.7	15,602.4	3.4		2,127.6		
NH New Hampshire	9,664.7	6,738.4	917.3	2,309.1	6,723.7	152.5		3,088.5		
NJ New Jersey	117,884.1	86,520.1	6,799.4	24,564.7	89,120.6	15,196.9		13,566.7		
NM New Mexico	14,349.3	11,505.8	751.0	2,092.5	11,318.5	6.2		3,024.6		
NV Nevada	28,313.7	21,535.2	3,410.2	3,368.4	21,540.2	958.8		5,814.8		
NY New York	367,695.2	297,359.2	21,373.8	48,962.3	288,149.7	15,933.8		63,611.7		
OH Ohio	106,579.1	75,286.0	3,576.0	27,717.1	75,698.0	8,944.7		21,936.4		
OK Oklahoma	19,488.6	13,781.9	1,213.0	4,493.7	16,520.0	162.9		2,805.8		
OR Oregon	35,001.5	21,982.3	1,435.7	11,583.5	28,842.8	3,141.4		3,017.2		
OT Other Territories	9,296.5	2,022.0	6,758.8	515.7	959.1			8,337.3		
PA Pennsylvania	129,348.6	92,926.7	6,276.6	30,145.3	95,353.4	7,416.3		26,578.9		
PR Puerto Rico	104,356.9	84,227.8	592.7	19,536.4	58,048.4	37,317.9		8,990.6		
RI Rhode Island	13,056.6	10,165.2	1,394.3	1,497.1	8,435.6	2,859.8		1,761.2		
SC South Carolina	37,722.1	30,116.0	1,053.2	6,553.0	28,790.6	2,876.0		6,055.6		
SD South Dakota	6,850.5	2,615.5	579.8	3,655.2	3,786.4	18.5		3,045.5		
TN Tennessee	38,542.9	28,989.8	1,589.9	7,963.1	30,257.0	772.5		7,513.4		
TT Trust Territories	275.2	231.4	43.8	-	135.2			140.0		
TX Texas	304,872.0	232,666.4	16,998.5	55,207.1	237,383.3	18,598.8		48,889.9		
UT Utah	21,172.5	14,397.2	600.9	6,174.4	16,093.0	437.6		4,641.8		
VA Virginia	61,939.4	47,698.1	3,916.8	10,324.5	52,914.7	2,068.3		6,956.4		
VI Virgin Islands	2,373.5	2,235.4	18.2	119.9	2,324.0	48.1		1.4		
VT Vermont	6,442.5	2,958.8	1,722.7	1,761.0	2,841.9			3,600.6		
WA Washington	78,978.0	59,929.6	4,540.5	14,507.9	70,961.5	2,497.2		5,519.3		
WI Wisconsin	43,980.9	28,503.0	1,826.1	13,651.9	37,121.0	446.3		6,413.6		
WV West Virginia	11,416.4	6,003.3	914.9	4,498.2	6,610.7	2,809.4		1,996.3		
WY Wyoming	3,301.6	2,085.1	864.2	352.3	1,854.8	1.0		1,445.8		
TOTAL (9/30/2013)	3,356,742.2	2,526,839.2	180,097.3	649,805.6	2,548,241.4	245,382.1	-	563,118.6		
TOTAL (6/30/2013)	3,353,217.2	2,519,409.7	183,130.0	650,677.5	2,537,452.9	246,309.4	68,516.8	500,938.2		
TOTAL (3/31/2013)	3,375,292.2	2,542,428.2	187,283.7	645,580.4	2,547,604.4	247,474.8	64,686.3	515,526.7		
TOTAL (12/31/2012)	3,378,237.7	2,553,983.5	192,376.7	631,877.5	2,540,851.4	246,906.5	61,937.3	528,542.5		
TOTAL (9/30/2012)	3,385,831.1	2,552,093.8	200,319.3	633,418.1	2,532,844.3	248,206.1	61,447.9	543,332.8		

⁷ Outstanding does not include refunded (inclusive of prerefunded) debt and derivatives. See additional tables for prerefunded and derivatives debt. The chart replaces "Outstanding by Insurance" from prior municipal reports. For comparability against Federal Reserve's Flow of Funds aggregate prerefunded with outstanding but not derivatives; differences between the two aggregates afterward are due to underlying database differences (Fed: Mergent; these tables: Bloomberg). Fixed rate debt does not include those multimodal bonds that are currently in long-term fixed rate mode. As of 2Q'13, "Other" no longer contains floating rate notes.

Addendum Tables –Build America Bonds, Variable Rate Debt Obligations Prerefunded, Derivatives, and Rating⁸

\$ Millions

State	Total Outstanding	Prerefunded Only	Derivatives Only	Rated	AAA	AA	A	BBB	HY	NonRated
AK Alaska	10,385.3	321.2	340.4	9,712.1	1,465.7	5,436.8	1,808.7	513.7	487.1	673.2
AL Alabama	31,190.7	2,062.3	846.8	28,350.6	863.5	14,678.1	7,752.1	1,877.2	3,179.7	2,840.1
AR Arkansas	12,870.7	606.7	40.9	8,270.1	454.1	5,192.0	2,123.6	471.0	29.4	4,600.7
AZ Arizona	52,907.6	3,617.7	1,853.9	48,736.6	3,360.0	27,066.2	12,658.3	5,003.3	648.7	4,171.1
CA California	546,313.8	16,320.7	22,015.2	476,378.9	6,607.3	207,058.5	196,856.8	45,407.2	20,449.1	69,934.9
CO Colorado	56,847.6	6,742.7	2,271.2	50,310.3	3,633.6	28,004.3	11,801.8	6,546.0	324.6	6,537.4
CT Connecticut	42,542.3	1,578.0	731.3	40,346.2	8,033.3	25,159.6	6,190.8	748.5	214.1	2,196.1
DC District of Columbia	28,768.5	576.7	1,516.0	26,401.4	346.0	10,113.4	9,696.4	2,853.2	3,392.4	2,367.1
DE Delaware	7,498.8	493.8	204.1	7,020.3	2,263.9	3,255.9	863.3	562.2	75.0	478.5
FL Florida	148,688.6	3,856.5	8,661.9	130,674.1	3,527.3	57,474.0	61,365.4	7,559.5	747.8	18,014.6
GA Georgia	70,090.1	4,087.9	1,837.8	61,539.1	14,202.6	18,160.9	25,310.5	3,489.9	375.2	8,551.0
GU Guam	2,302.4		6.2	2,256.5	-	-	464.8	963.8	828.0	45.9
HI Hawaii	15,201.3	1,647.9	967.4	14,787.9	19.8	10,663.6	3,281.9	712.4	110.2	413.5
IA Iowa	20,682.4	317.5	114.2	17,731.2	2,124.5	6,974.0	5,830.8	434.6	2,367.3	2,951.2
ID Idaho	9,578.8	349.4	83.0	8,622.5	4,446.0	1,607.4	2,224.8	216.6	127.7	956.3
IL Illinois	158,203.0	5,859.9	7,306.5	149,386.3	5,763.0	49,080.8	79,613.0	14,237.1	692.5	8,816.7
IN Indiana	52,507.6	2,894.0	2,063.2	45,108.9	3,055.1	22,198.3	14,276.3	5,237.3	341.8	7,398.7
KS Kansas	21,525.8	1,465.8	266.4	18,685.5	1,772.4	11,012.3	4,937.2	853.6	110.0	2,840.3
KY Kentucky	33,869.0	1,450.3	515.0	32,330.1	2,028.3	15,071.6	13,167.8	1,957.3	105.0	1,539.0
LA Louisiana	33,605.2	2,664.9	884.8	31,241.8	2,887.2	12,394.3	9,612.5	6,305.2	42.6	2,363.4
MA Massachusetts	93,027.5	7,400.2	5,760.2	86,938.5	12,007.8	59,903.1	11,053.4	3,621.1	353.0	6,089.0
MD Maryland	47,643.2	3,795.2	738.5	43,752.2	18,023.5	17,817.8	5,206.4	2,151.8	552.8	3,891.0
ME Maine	8,119.3	428.5	87.0	7,614.0	61.0	4,214.6	2,839.7	428.6	70.0	505.4
MI Michigan	78,707.0	3,297.7	2,816.9	71,961.8	7,535.2	31,315.1	16,728.3	6,206.3	10,176.9	6,745.2
MN Minnesota	48,254.4	1,257.1	681.9	43,286.9	5,986.1	29,105.7	6,641.1	1,292.9	261.0	4,967.6
MO Missouri	46,910.3	1,983.8	1,281.7	39,517.1	4,780.6	21,439.2	10,295.0	2,832.4	169.9	7,393.2
MS Mississippi	18,114.0	894.5	414.4	15,129.9	546.8	10,693.3	2,442.2	1,435.2	12.3	2,984.2
MT Montana	11,219.5	173.4	24.2	3,447.5	-	2,232.8	1,100.8	83.9	30.0	7,772.0
NC North Carolina	53,979.4	4,831.1	1,498.0	51,626.5	12,812.0	25,606.6	9,890.6	3,267.0	50.2	2,352.9
ND North Dakota	4,252.1	89.5	18.6	3,867.8	178.8	2,195.6	1,098.8	394.7	-	384.3
NE Nebraska	17,733.3	951.1	663.7	14,634.8	671.5	8,193.0	5,302.0	429.7	38.6	3,098.6
NH New Hampshire	9,964.7	449.0	229.7	9,230.5	257.4	5,861.1	2,246.2	727.2	138.7	734.3
NJ New Jersey	117,884.1	8,784.8	4,725.8	109,406.0	6,667.7	27,493.9	62,442.0	7,236.1	5,566.4	8,478.1
NM New Mexico	14,349.3	910.6	441.3	13,840.2	1,523.1	10,162.0	1,171.7	896.8	86.6	509.0
NV Nevada	28,313.7	1,723.5	1,622.1	23,890.5	229.4	13,870.4	8,741.2	932.7	116.8	4,423.2
NY New York	367,695.2	10,946.0	14,166.6	339,926.7	22,089.0	225,902.4	65,090.3	18,392.9	8,452.1	27,768.5
OH Ohio	106,579.1	7,758.0	2,656.0	93,938.8	8,695.8	43,209.2	23,794.6	5,726.0	12,513.1	12,640.3
OK Oklahoma	19,488.6	419.5	495.4	16,641.0	2,078.2	8,976.1	4,799.5	703.8	83.4	2,847.6
OR Oregon	35,001.5	2,306.1	286.8	33,268.4	930.6	24,939.0	6,551.4	797.9	49.5	1,733.1
OT Other Territories	9,296.5		16,996.6	7,865.8	893.1	6,583.7	17.9	371.0	-	1,430.7
PA Pennsylvania	129,348.6	4,369.5	5,163.5	120,299.4	2,542.0	50,034.8	53,602.8	12,402.9	1,716.9	9,049.1
PR Puerto Rico	104,356.9	2,654.0	4,339.1	91,541.6	182.5	22,332.8	17,959.6	39,636.3	11,430.4	12,815.3
RI Rhode Island	13,056.6	493.9	316.9	12,105.8	806.4	4,724.8	2,516.1	1,141.8	2,916.8	950.8
SC South Carolina	37,722.1	3,305.4	1,189.1	33,023.3	991.0	15,806.8	13,731.8	2,138.2	355.5	4,698.9
SD South Dakota	6,850.5	120.3	70.6	4,231.9	198.4	2,582.1	1,328.8	122.5	-	2,618.5
TN Tennessee	38,542.9	2,987.7	1,593.4	35,092.7	1,484.2	21,967.1	7,042.4	4,580.3	18.7	3,450.2
TT Trust Territories	275.2			43.8	-	-	-	-	43.8	231.4
TX Texas	304,872.0	18,171.9	11,847.8	274,661.2	100,911.2	100,052.3	49,061.4	22,113.9	2,522.4	30,210.8
UT Utah	21,172.5	1,093.7	814.0	19,533.2	8,015.1	8,526.2	2,591.3	320.9	79.8	1,639.3
VA Virginia	61,939.4	5,668.8	1,130.4	57,965.3	15,922.0	31,800.1	4,881.6	3,222.6	2,138.9	3,974.2
VI Virgin Islands	2,373.5	29.7	8.5	2,207.3	-	-	80.9	1,981.9	144.4	166.2
VT Vermont	6,442.5	140.8	17.6	4,884.4	47.2	3,065.4	1,066.1	671.0	34.7	1,558.1
WA Washington	78,978.0	7,478.9	2,804.1	76,224.8	1,816.5	63,246.4	9,193.3	1,893.7	74.8	2,753.2
WI Wisconsin	43,980.9	2,359.3	946.4	40,152.5	1,993.6	28,555.3	8,191.0	1,302.3	110.3	3,828.4
WV West Virginia	11,416.4	458.5	297.9	9,512.3	381.0	1,939.5	3,667.5	927.4	2,596.9	1,904.1
WY Wyoming	3,301.6	38.8	29.6	3,241.1	312.0	1,596.5	1,114.3	218.3	-	60.5
TOTAL (9/30/2013)	3,356,742.2	164,684.3	138,700.3	3,022,395.6	308,424.3	1,466,546.9	893,318.8	256,551.9	97,553.8	334,346.6
TOTAL (6/30/2013)	3,353,217.2	179,425.0	153,656.4	3,018,601.8	302,075.6	1,488,279.2	878,350.0	252,972.6	96,924.3	334,615.5
TOTAL (3/31/2013)	3,375,292.2	193,249.7	154,550.6	3,021,176.0	301,941.0	1,492,578.5	885,416.9	244,904.2	96,335.3	354,116.3
TOTAL (12/31/2012)	3,378,237.7	180,504.7	156,857.9	3,024,755.1	402,778.6	1,501,326.7	761,662.8	263,449.6	95,537.5	353,482.6
TOTAL (9/30/2012)	3,385,831.1	179,492.4	156,204.4	3,040,293.3	303,302.9	1,598,735.4	768,698.4	272,665.2	96,891.4	345,537.8

⁸ Rating based on the lowest long-term rating assigned to the bond by Fitch Ratings, Moody's Investor Services, or Standard and Poor's; split-rated debt are therefore included in the HY category.

A DESCRIPTION OF THE TERMINOLOGY IN THE MUNICIPAL BOND CREDIT REPORT

Long-Term Municipal Issue: municipal securities with a maturity of 13 months or longer at the time the municipal security is issued.⁹

General Obligation (G.O.) Bonds: bonds issued by state or local units of government. The bonds are secured by the full faith, credit and taxing power of the municipal bond issuer. Such bonds constitute debts by the issuer and often require approval by election prior to issuance. In the event of default, bondholders of G.O. bonds have the right to compel a tax levy or legislative appropriation to cover debt service.

Revenue Bonds: bonds payable from a specific source of revenue and to which the full faith and credit of an issuer and its taxing power are not pledged. Revenue bonds are payable from identified sources of revenue and do not permit the bondholders to compel taxation or legislative appropriation of funds not pledged for payment of debt service. Pledged revenues may be derived from sources such as the operation of the financed project, grants or a dedicated specialized tax. Generally, no voter approval is required prior to issuance of such obligations.

Ratings: are evaluations of the credit quality of bonds and other debt financial instruments made by rating agencies. Ratings are intended to measure the probability of the timely repayment of principal and interest on municipal securities. Ratings are typically assigned upon initial bond issuance. Ratings are periodically reviewed and may be amended to reflect changes in the issue or issuer's credit position. The ratings may be affected by the credit worthiness of the issuer itself or from a credit enhancement feature of the security such as guarantor, letter of credit provider, and bond insurer. Some rating agencies provide both long-term and short-term ratings on variable rate demand obligations. The ratings described herein are "long-term" ratings – that is, ratings applied to municipal bond issues with original maturity of 13 months or longer.

State Rating: indicates the G.O. credit rating a rating agency may apply to a state. The rating on a specific municipal bond issue or issuer located with the state may differ from the state rating.

Rating Agency: is a company that provides ratings that indicate the relative credit quality or liquidity characteristics of municipal securities as well as other debt securities. Moody's Investors Service ("Moody's") and Standard and Poor's are the largest agencies in terms of municipal securities rated, followed by Fitch Ratings.

Moody's Ratings¹⁰

Moody's describes its municipal credit ratings as "opinions of the investment quality of issuers and issues in the U.S. municipal and tax-exempt markets. These ratings incorporate a rating agency's assessment of the probability of default and loss severity of issuers and issues."

Moody's ratings are based upon the analysis of four primary factors relating to municipal finance: economy, debt, finances and administrative/management strategies. The rating classifications are defined as:

Aaa: obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.

Aa: obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A: obligations rated A are considered upper-medium grade and are subject to low credit risk.

Baa: obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.

Ba: obligations rated Ba are judged to have speculative elements and are subject to substantial credit

⁹Authors' own definition.

¹⁰Moody's.com, "Ratings Definitions."

risk.

B: obligations rated B are considered speculative and are subject to high credit risk.

Caa: obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.

Ca: obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C: obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.¹¹

Standard and Poor's Ratings¹²

Standard and Poor's describes a municipal issue credit rating as "a current opinion of the credit worthiness with respect to a specific financial obligation(s) or a specific program. It takes into consideration the credit worthiness of credit enhancement on the obligation."

Long-term issue credit ratings are based on:

- Likelihood of payment—capacity and willingness to meet the financial commitment in accordance with the terms of the obligation;
- Nature of and provisions of the obligation; and
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

AAA: extremely strong capacity to meet its financial commitments – the highest rating category.

AA: very strong capacity to meet financial commitments.

A: strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the higher rated categories.

BBB: adequate capacity to meet its financial commitments though adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to meet financial commitments.

Rating "BB", "B", "CCC", and "CC" are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'CC' the highest.

BB: less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet its financial commitments.

B: an obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the capacity to meet its financial commitment. Adverse business, financial, or economic conditions will likely impair the capacity or willingness to meet financial obligations.

CCC: currently vulnerable, and is dependent upon favorable business, financial, and economic conditions to meet financial commitments.

CC: highly vulnerable and is dependent upon favorable business, financial and economic conditions.

Fitch Ratings

Fitch Ratings provides an opinion on the ability of an entity or a securities issue to meet financial commitments such as interest, preferred dividends, or repayment of principal, on a timely basis.

Credit ratings are used by investors as indications of the likelihood of repayment in accordance

¹¹The lowest rating is a "D" at both Moody's and Standard and Poor's.

¹²Standardandpoors.com "Long-Term Issue Credit Ratings," May 17, 2002.

with the terms on which they invested. Thus, the use of credit ratings defines their function: "investment grade" ratings (long-term 'AAA' - 'BBB' categories) indicate a relatively low probability of default, while those in the "speculative" or "non-investment grade" categories (international long-term 'BB' - 'D') may signal a higher probability of default or that a default has already occurred. Entities or issues carrying the same rating are of similar but not necessarily identical credit quality since the rating categories do not fully reflect small differences in the degrees of credit risk.

The ratings are based on information obtained directly from issuers, other obligors, underwriters, their experts, and other sources Fitch believes to be reliable. Fitch does not audit or verify the truth or accuracy of such information. Ratings may be changed or withdrawn as a result of changes in, or the unavailability of, information or for any other reasons.

Credit ratings do not directly address any risk other than credit risk. In particular, these ratings do not deal with the risk of loss due to changes in interest rates and other market considerations.

Note: "Not rated" refers to municipal bonds that were not rated by one of the major rating agencies listed above.

General Use of Proceeds: Refers to the type of project the proceeds or funds received from bond issuance are used. In the Municipal Bond Credit Report, the use of proceed classifications are general government use, education, water, sewer and gas, health care and a miscellaneous category, "other."¹³

Municipal G.O. to Treasury Ratio: is a common measure of credit risk of municipal bonds relative to risk-free securities, Treasuries. It is a measure comparable to the "spread to Treasury" measure in the taxable markets. Typically the municipal yield is typically less than 100 percent of the Treasury yield due to the tax-free nature of municipal securities.

Credit Enhancement: is the use of the credit of an entity other than the issuer to provide additional security in a bond. The term is usually used in the context of bond insurance, bank letters of credit state school guarantees and credit programs of federal and state governments and federal agencies but also may apply more broadly to the use of any form of guaranty secondary source of payment or similar additional credit-improving instruments.

Bond Insurance: is a guaranty by a bond insurer of the payment of principal and interest on municipal bonds as they become due should the issuer fail to make required payments. Bond insurance typically is acquired in conjunction with a new issue of municipal securities, although insurance also is available for outstanding bonds traded in the secondary market.

Letter of Credit: a commitment, usually made by a commercial bank, to honor demands for payment of a debt upon compliance with conditions and/or the occurrence of certain events specified under the terms of the commitment. In municipal financings, bank letters of credit are sometimes used as additional sources of security with the bank issuing the letter of credit committing to in the event the issuer is unable to do so.

¹³Authors' own definition.

Kyle Brandon

Managing Director, Director of Research

SIFMA RESEARCH

Sharon Sung – Assistant Vice President, Research

ssung@sifma.org

General Research Contact: research@sifma.org

MUNICIPAL DIVISION

Leslie Norwood

Managing Director, Associate General Counsel, Co-Head of the Municipal Division

Michael Decker

Managing Director, Co-Head of the Municipal Division

David Cohen

Managing Director, Associate General Counsel



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