



MUNICIPAL BOND CREDIT REPORT

First Quarter 2014

RESEARCH REPORT

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Muni Advisor Regulation: Implementation & Registration

MAY 9, 2014 | 12:00-6:00 PM EDT | SIFMA CONFERENCE CENTER | NYC

The SEC's Municipal Advisor Registration Rule goes into effect on July 1. SIFMA's Muni Advisor Regulation: Implementation & Registration session will provide an in-depth discussion on the regulatory framework and outlook for municipal advisors and other firms potentially covered by this rule.

This seminar will also be useful to municipal entities and obligated persons who are seeking advice from, or to do principal transactions with, financial services firms.

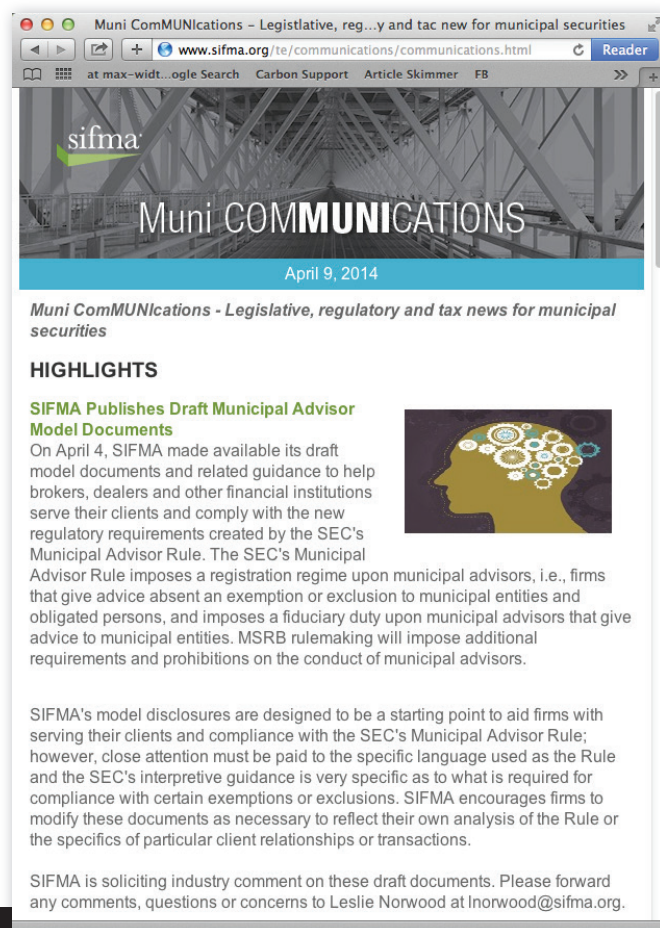
If you are new to the industry, or an experienced legal and compliance or business professional who is looking to learn about this new rule, this seminar will address the implementation processes and issues with respect to the rule and potential compliance methods.

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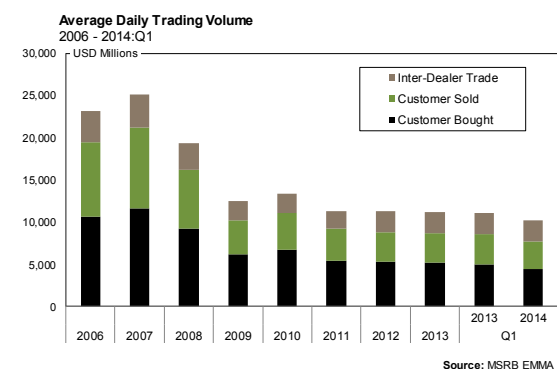
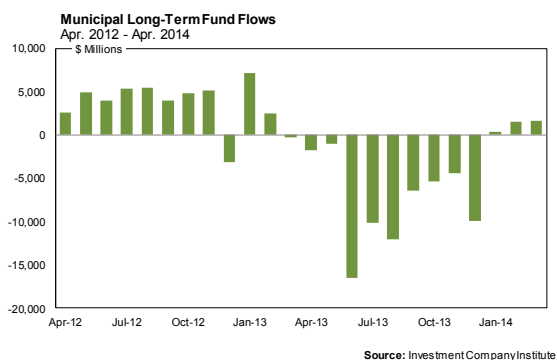
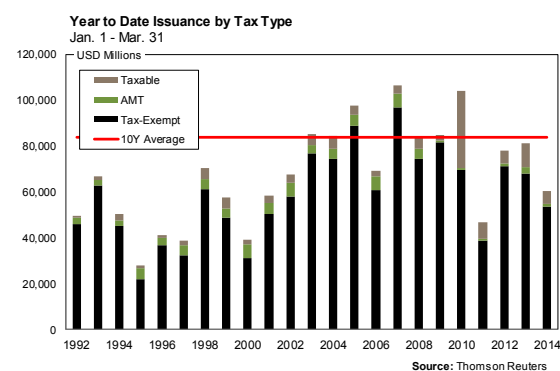
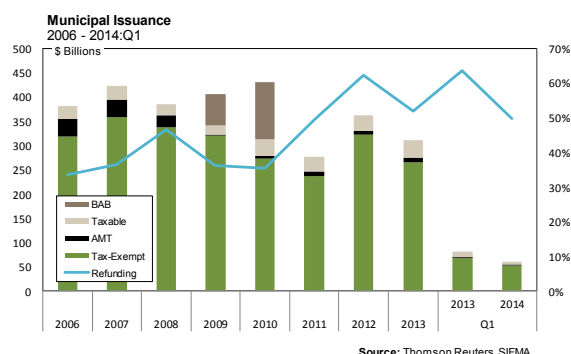
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MARKET SUMMARY



Municipal Issuance Overview – Primary Market

According to Thomson Reuters, long-term public municipal issuance volume totaled \$60.4 billion in the first quarter of 2014, a decline of 17.7 percent and 25.7 percent, respectively, from the prior quarter (\$73.4 billion) and year-over-year (y-o-y) (\$81.3 billion). Year to date, first quarter issuance figures are well below the 10-year average of \$83.7 billion. Including private placements¹ (\$2.2 billion), long-term municipal issuance for 1Q'14 was \$62.6 billion.

Tax-exempt issuance totaled \$53.6 billion in 1Q'14, a decline of 16.1 percent and 21.3 percent q-o-q and y-o-y, respectively. Taxable issuance totaled \$5.5 billion in 1Q'14, a decline of 16.0 percent and 48.7 percent q-o-q and y-o-y, respectively. AMT issuance was \$1.3 billion, a decline of 55.2 percent and 47.6 percent, q-o-q and y-o-y.

By use of proceeds, general purpose led issuance totals in 1Q'14 (\$19.6 billion), followed by primary & secondary education (\$10.5 billion), and water & sewer facilities (\$5.6 billion).

Refunding volumes as a percentage of issuance remained largely the same as the prior quarter, with 30.1 percent of issuance compared to 30.2 percent in 4Q'13 used to refund debt.²

Yields, Inflows, and Total Return

Ratios of 10-year tax-exempt AAA GOs and similar-maturity Treasuries fell in the first quarter, ending at 93.7 percent, while ratios moved sharply lower on the shorter end of the curve.

According to the Investment Company Institute (ICI), first quarter net flow into long-term municipal funds was positive, with \$3.5 billion of inflow, compared to \$19.8 billion of outflow from the prior quarter and \$9.3 billion of inflow y-o-y.

Tax-exempt money market funds reported a decline in assets in 1Q'14, reporting \$270.5 billion in assets under management at the end of March, a decrease of \$425 million, or 0.2 percent of assets, from end-December 2013. Year-over-year, assets at tax-exempt money market funds fell by \$3.9 billion.

According to Bank of America-Merrill Lynch indices, municipals were the best performing asset class, with 3.8 percent in total return in the first quarter of 2014, followed by European high yield and US high yield (both 3.0 percent). Build America Bonds (BABs) also posted strong gains, with a 6.0 percent gain in total return compared to 2.6 percent from similarly-rated corporates.

Trading Activity Declines

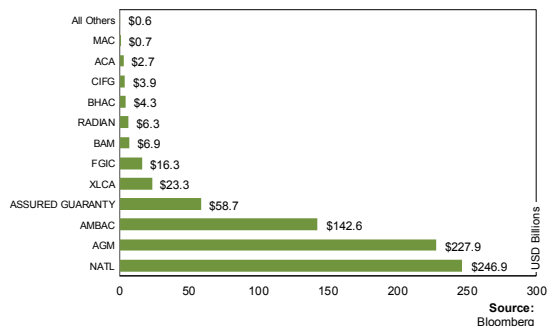
Trading activity increased q-o-q to \$10.2 billion in 1Q'14, a 1.8 percent increase from 4Q'13 (\$10.1 billion) but a decline of 7.3 percent from 1Q'13 (\$11.0 billion). By number of trades, however, trading activity declined 2.8 percent and 2.3 percent, respectively, q-o-q and y-o-y.

Holdings of municipal bonds by broker-dealers rose slightly to \$18.6 billion in 4Q'13, a 1.6 percent increase from 3Q'13 but a 30.1 percent decline y-o-y. A preliminary examination of primary dealer data from the New York Fed, sug-

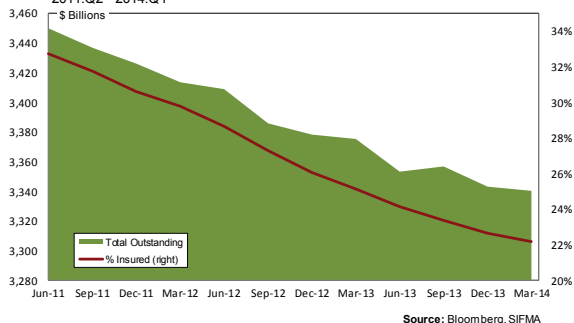
¹ Private placement figures are included in top line totals, but figures in charts and tables exclude this subset of data as there is no additional information about them.

² Percentages represent both full refundings and the full dollar amount of deals that contain both refundings and new financing.

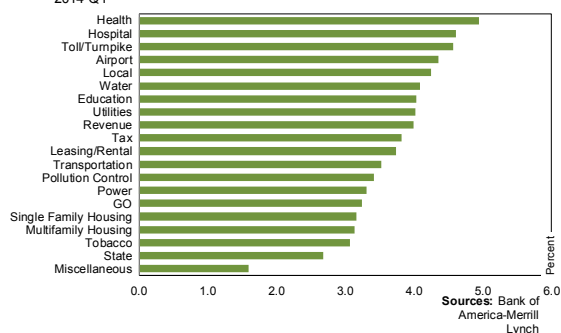
Outstanding Insured Municipal Bonds by Insurer
Q1 2014



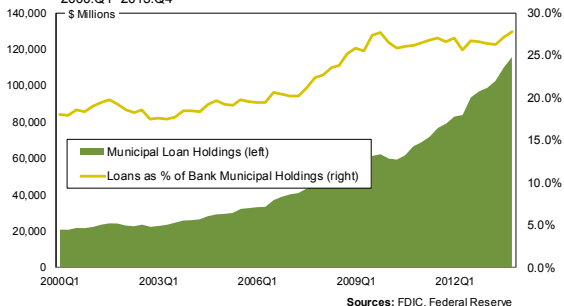
Insured Municipals Outstanding
2011:Q2 - 2014:Q1



Total Return by Municipal Bond Sector
2014 Q1



Municipal Loans Outstanding
2000:Q1 - 2013:Q4



gests that municipal volume inventory in 1Q'14 has fallen further, however.

The number of municipal brokers or dealers fell to 1,540 at the end of 2013, a 4.2 percent decline y-o-y, a slightly faster decline than of the overall broker-dealer industry (a 3.3 percent decline y-o-y). Bank of America-Merrill Lynch opined that the decline was “partly attributable to the recent volatile environment of municipal securities and growth in regulatory costs.”³

Insured Bonds

In the first quarter of 2014, \$2.7 billion of municipal bonds issued were insured, representing 4.6 percent, a decline from 4Q'13 (5.3 percent) but an increase from 1Q'13 (2.7 percent). Insured municipal bonds outstanding continued to decline to \$741.1 billion, down from \$756.4 billion at the end of 2013 and \$847.74 billion in 1Q'13.

CDS Update

According to DTCC, \$1.3 million of credit default swap contracts on municipal names were executed in the first quarter, an increase of 85.1 percent and 6.4 percent, respectively, q-o-q and y-o-y. Illinois and Florida led state totals (\$391.7 million and \$338.0 million, respectively), followed by California (\$268.5 million). At the end of the first quarter, \$2.78 billion net notional of municipal CDS contracts were outstanding, a 1.3 percent increase from the prior quarter and a 0.2 percent decline y-o-y. New Jersey notionals grew 13.5 percent q-o-q.

VRDO and FRN Issuance

Issuance of variable-rate demand obligations (VRDOs), puttable long-term municipal bonds with interest rates that reset periodically, fell in the first quarter, with \$815 million were issued in 1Q'14, a decline of 75.2 percent and 25.6 percent, respectively, q-o-q and y-o-y.

The SIFMA Municipal Swap index, a seven-day high-grade market index comprised of tax-exempt VRDOs, ended March at 0.06 percent, averaging 0.04 percent in 1Q'14, 3 basis points lower than 4Q'13's average (0.07 percent).

Issuance of floating rate notes (“FRN”) (both LIBOR- and SIFMA- indexed, among others) also fell in the first quarter with issuance of \$939.7 million, a 52.0 percent and 73.3 percent decline, respectively, q-o-q and y-o-y.

Municipal Direct Loans

Despite the FRN market taking on some of the debt that has departed from the VRDO market, the direct loan market has likely played the largest role in the shrinking VRDO market. According to the FDIC and the Federal Reserve, bank holdings of municipal loans grew in the fourth quarter of 2013 to \$115.6 billion, representing 27.8 percent of outstanding holdings of municipal bonds and loans.⁴ Loan holdings grew at a faster pace than security holdings, with 5.3 percent growth q-o-q (compared to 2.3 percent q-o-q for securities) and 19.5 percent growth y-o-y (compared to 12.9 percent growth y-o-y for securities). Standard and Poor's estimated that \$60 billion of direct lending is being done annually.⁵

State & Government Update

In February 2014, Moody's, Standard and Poor's, and Fitch Ratings downgraded Puerto Rico to junk status (Ba2, BB+, and BB, respectively). The downgrades were

³ Bank of America-Merrill Lynch, “Municipals Weekly: The shrinking dealer market”, March 14, 2014.

⁴ “Municipal loans” as defined here are all obligations of states and political divisions of the United States other than leases and obligations reported as securities.

⁵ S&P suggests that \$60 billion in direct loans are done annually: <http://www.bondbuyer.com/video/s-and-ps-mal-fallon-direct-loans-up-to-60b-dollars1061185-1.html>, March 31, 2014

notable given the ubiquity of Puerto Rico bonds among municipal funds, both closed and open-ended funds, due to their triple tax free status; some 70 percent of municipal bond funds had Puerto Rico holdings,⁶ although this percentage has fallen from over 85 percent from 2012.⁷ The downgrades led to a jump in size of the rated municipal high-yield market, from \$97.0 billion to \$133.1 billion, a 37.3 percent jump q-o-q, and nearly tripled the size of the BB-rated bucket, from \$20.9 billion to \$58.3 billion, which had previously been dominated by tobacco master settlement agreement, development, and hospital bonds from other states.

According to Nelson A. Rockefeller Institute of Government, states reported slowed growth, in overall state tax collections for the fourth quarter of 2013.⁸ Year-over-year, growth increased by 3.0 percent in the 4Q'13, with 38 states showing an increase in revenues; adjusting for inflation, growth was 1.6 percent year-over-year. Personal income tax growth slowed to 1 percent growth from 5.3 percent in 3Q'13, largely related to temporary factors in federal tax changes.

⁶ Bond Buyer, [Puerto Rico Debt Demand May Survive Downgrade](#), February 6, 2014.

⁷ Morningstar, [Muni-Fund Investors: Watch Out for Puerto Rico](#), December 21, 2012.

⁸ Nelson A. Rockefeller Institute of Government, [State Tax Revenues Slip Back to Slower Growth](#), March 11, 2014.

CHARTS & DATA

LONG-TERM MUNICIPAL STATE ISSUANCE, 1Q'14⁹\$ Millions¹⁰

	Bond Type			Tax Type			Funding Type		
	Total	G.O.	Revenue	AMT	Tax-Exempt	Taxable	New Financing	Refunding & Refinancing	Refunding
State									
Alabama	245.7	177.7	68.0	-	227.6	18.1	141.1	8.8	95.8
Alaska	221.9	108.4	113.5	-	207.9	14.0	221.9	-	-
Arizona	1,035.7	181.6	854.1	-	710.4	325.3	813.3	39.7	182.7
Arkansas	208.0	98.2	109.8	-	205.9	2.1	110.5	22.0	75.5
California	7,308.3	3,648.0	3,660.3	27.8	6,509.7	770.8	3,259.4	2,353.2	1,695.6
Colorado	366.2	82.0	284.2	31.6	328.4	6.1	178.5	82.4	105.2
Connecticut	788.4	604.6	183.8	-	788.4	-	762.6	10.0	15.8
District of Columbia	0.0								
Delaware	225.0	225.0	-	-	225.0	-	225.0	-	-
Florida	2,360.3	183.6	2,176.7	328.1	1,987.5	44.6	935.9	356.5	1,067.9
Georgia	1,205.1	89.3	1,115.8	217.0	966.3	21.8	82.3	121.0	1,001.9
Guam	0.0								
Hawaii	0.0								
Idaho	335.2	90.7	244.5	-	333.4	1.8	229.9	-	105.2
Illinois	4,033.2	2,893.1	1,140.1	-	3,018.9	1,014.3	2,170.9	966.1	896.2
Indiana	397.2	90.0	307.2	-	381.9	15.3	145.2	83.9	168.2
Iowa	245.0	145.9	99.1	-	240.9	4.2	150.2	47.9	47.0
Kansas	447.3	296.6	150.7	41.6	383.4	22.2	378.2	39.5	29.6
Kentucky	703.6	4.1	699.5	-	691.4	12.2	350.3	171.9	181.3
Louisiana	1,016.3	642.6	373.7	-	867.0	149.3	937.0	-	79.3
Maine	111.9	56.8	55.1	21.6	79.7	10.6	77.3	-	34.6
Maryland	1,731.8	1,459.1	272.7	35.6	1,644.7	51.5	1,300.7	139.2	291.9
Massachusetts	1,965.1	756.7	1,208.4	-	1,901.7	63.4	1,463.6	201.9	299.7
Michigan	899.8	628.7	271.1	-	838.6	61.2	605.1	8.5	286.2
Minnesota	1,304.4	660.8	643.6	-	1,150.8	153.6	1,175.0	19.3	110.1
Mississippi	47.3	24.3	23.0	-	46.9	0.5	13.2	-	34.2
Missouri	1,066.2	454.5	611.7	-	1,062.2	4.1	519.9	228.8	317.6
Montana	117.3	110.1	7.2	-	116.2	1.1	95.3	-	21.9
Nebraska	181.9	165.8	16.1	-	173.6	8.3	86.0	13.3	82.6
Nevada	609.3	50.0	559.3	95.9	513.4	-	286.0	-	323.3
New Hampshire	0.0								
New Jersey	1,130.8	493.9	636.9	-	1,085.8	45.0	729.4	223.0	178.5
New Mexico	203.7	106.3	97.4	-	203.7	-	164.4	12.7	26.6
New York	7,875.7	1,866.0	6,009.7	176.7	6,550.4	1,148.7	3,678.1	2,154.4	2,043.2
North Carolina	467.3	112.8	354.5	-	438.6	28.7	274.3	151.6	41.4
North Dakota	55.7	36.0	19.7	-	55.3	0.4	11.4	-	44.2
Ohio	1,347.0	1,136.4	210.6	-	1,283.6	63.4	1,014.1	11.1	321.8
Oklahoma	815.0	375.0	440.0	-	731.9	83.2	427.6	-	387.5
Oregon	246.4	134.2	112.2	-	234.6	11.8	72.8	64.5	109.2
Pennsylvania	1,504.9	934.1	570.8	14.9	1,485.9	4.1	611.5	279.5	613.9
Puerto Rico		3,500.0	-	-	3,500.0	-	-	3,500.0	-
Rhode Island	100.8	10.1	90.7	34.8	65.4	0.6	100.8	-	-
South Carolina	560.2	369.6	190.6	71.7	467.3	21.2	380.6	17.4	162.3
South Dakota	26.2	18.9	7.3	-	25.1	1.1	23.2	-	3.0
Tennessee	457.8	407.2	50.6	-	431.2	26.6	67.8	19.1	371.0
Texas	8,841.1	3,325.6	5,515.5	203.7	7,932.9	704.5	3,886.0	1,622.1	3,333.1
Utah	486.7	134.0	352.7	-	258.3	228.4	427.7	15.6	43.5
Vermont	0.0								
Virgin Islands									
Virginia	1,123.9	586.0	537.9	-	893.5	230.4	299.7	450.1	374.1
Washington	1,209.2	918.3	290.9	27.2	1,093.8	88.3	833.1	165.8	210.4
West Virginia	20.4	-	20.4	-	20.4	-	20.4	-	-
Wisconsin	1,230.6	816.4	414.2	1.5	1,218.1	11.1	504.8	371.5	354.3
Wyoming	7.9	-	7.9	-	7.9	-	-	-	7.9
ALL	60,388.7	29,209.0	31,179.7	1,329.7	53,585.5	5,473.9	30,242.0	13,972.3	16,175.2
QoQ	-17.7%	9.0%	-33.1%	-55.2%	-16.1%	-16.0%	-30.0%	24.3%	-14.5%
YoY	-25.7%	-18.5%	-31.4%	-47.6%	-21.3%	-48.7%	2.1%	-12.8%	-54.6%

⁹ Issuance totals do not include private placements.¹⁰ 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.

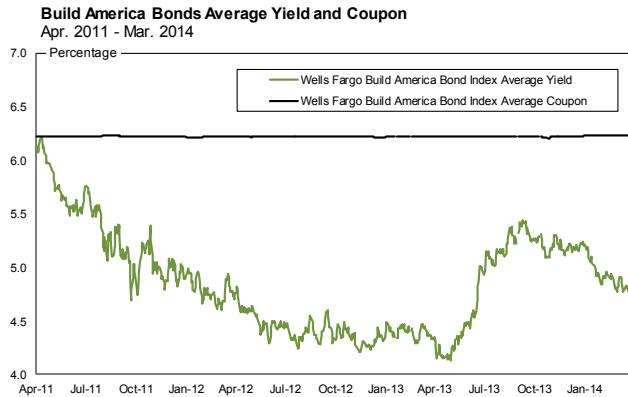
	Total	Coupon Type						
		Convertible	Fixed Rate	Linked	Variable Rate			Zero
					Variable Rate	Variable Rate	Variable Rate	
				Rate	Long	No Put	Short (VRDO)	
State								
Alabama	245.7	-	245.7	-	-	-	-	-
Alaska	221.9	-	221.9	-	-	-	-	-
Arizona	1,035.7	-	1,035.7	-	-	-	-	-
Arkansas	208.0	-	208.0	-	-	-	-	-
California	7,308.3	3.1	7,212.5	-	30.3	-	6.9	55.5
Colorado	366.2	-	293.5	72.6	-	-	-	-
Connecticut	788.4	-	741.4	47.0	-	-	-	-
District of Columbia	0.0							
Delaware	225.0	-	225.0	-	-	-	-	-
Florida	2,360.3	27.6	2,252.0	-	71.0	-	2.3	7.4
Georgia	1,205.1	-	1,205.2	-	-	-	-	-
Guam	0.0							
Hawaii	0.0							
Idaho	335.2	-	245.4	89.7	-	-	-	-
Illinois	4,033.2	-	3,983.2	-	-	-	50.0	-
Indiana	397.2	-	385.9	-	-	-	11.3	-
Iowa	245.0	-	245.1	-	-	-	-	-
Kansas	447.3	-	447.3	-	-	-	-	-
Kentucky	703.6	-	688.1	-	15.5	-	-	-
Louisiana	1,016.3	-	1,010.2	-	-	-	6.0	-
Maine	111.9	-	111.9	-	-	-	-	-
Maryland	1,731.8	-	1,681.8	-	-	-	50.0	-
Massachusetts	1,965.1	-	1,634.7	230.4	-	-	100.0	-
Michigan	899.8	-	899.8	-	-	-	-	-
Minnesota	1,304.4	-	1,295.5	-	8.9	-	-	-
Mississippi	47.3	-	47.3	-	-	-	-	-
Missouri	1,066.2	-	1,066.3	-	-	-	-	-
Montana	117.3	-	117.2	-	-	-	-	-
Nebraska	181.9	-	181.9	-	-	-	-	-
Nevada	609.3	-	609.3	-	-	-	-	-
New Hampshire	0.0							
New Jersey	1,130.8	-	1,130.8	-	-	-	-	-
New Mexico	203.7	-	203.7	-	-	-	-	-
New York	7,875.7	-	7,460.8	200.0	-	-	214.9	-
North Carolina	467.3	-	467.3	-	-	-	-	-
North Dakota	55.7	-	55.7	-	-	-	-	-
Ohio	1,347.0	-	1,339.3	-	-	-	-	7.7
Oklahoma	815.0	-	810.1	-	-	-	5.0	-
Oregon	246.4	-	227.9	-	-	-	-	18.5
Pennsylvania	1,504.9	-	1,494.7	-	-	-	10.2	-
Puerto Rico	-	-	3,500.0	-	-	-	-	-
Rhode Island	100.8	-	100.8	-	-	-	-	-
South Carolina	560.2	-	560.2	-	-	-	-	-
South Dakota	26.2	-	26.2	-	-	-	-	-
Tennessee	457.8	-	457.8	-	-	-	-	-
Texas	8,841.1	-	7,824.5	300.0	341.6	-	150.0	225.0
Utah	486.7	-	278.3	-	-	-	208.4	-
Vermont	0.0							
Virgin Islands								
Virginia	1,123.9	-	1,123.9	-	-	-	-	-
Washington	1,209.2	-	1,209.2	-	-	-	-	-
West Virginia	20.4	-	20.4	-	-	-	-	-
Wisconsin	1,230.6	-	1,230.6	-	-	-	-	-
Wyoming	7.9	-	7.9	-	-	-	-	-
ALL	60,388.7	30.7	57,821.9	939.7	467.3	0.0	815.0	314.1
QoQ	-17.7%	-96.2%	-11.8%	-52.0%	-59.6%	-100.0%	-75.2%	-44.6%
YoY	-25.7%	-78.3%	-23.7%	-73.3%	60.6%		-25.6%	-31.8%

LONG-TERM MUNICIPAL ISSUANCE BY GENERAL USE OF PROCEEDS

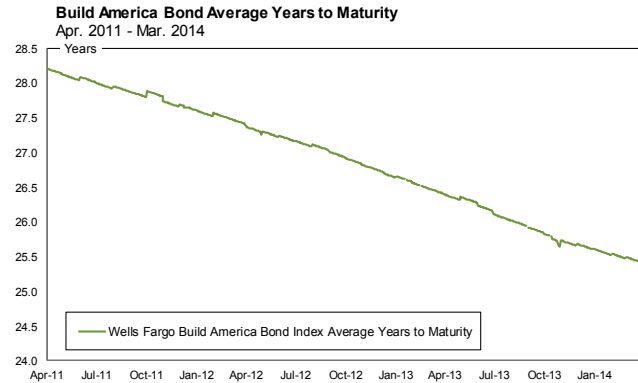
\$ Millions

Use of Proceeds	1Q'13	4Q'13	1Q'14	Q-o-Q	Y-o-Y
Airports	954.0	2,607.9	2,064.6	-20.8%	116.4%
Assisted Living	75.1	18.5		-100.0%	-100.0%
Bridges	1,635.5	2,727.7	350.0	-87.2%	-78.6%
Childrens hospital	275.0	123.5	164.6	33.3%	-40.1%
Civic & convention centers	117.1	89.2	329.1	268.9%	181.0%
Combined utilities	71.1	215.5	61.6	-71.4%	-13.4%
Cont Care Retirement Community	664.0	810.6	365.3	-54.9%	-45.0%
Correctional facilities	171.6	436.8	1,137.9	160.5%	563.1%
Economic development	2,926.0	1,255.5	2,444.0	94.7%	-16.5%
Fire stations & equipment	64.9	79.6	11.8	-85.2%	-81.8%
Flood control	119.8	118.0	12.7	-89.2%	-89.4%
Gas	12.8	14.6	2.1	-85.6%	-83.6%
General acute care hospital	4,028.0	3,490.7	1,936.0	-44.5%	-51.9%
General Medical	428.7	52.3	100.0	91.2%	-76.7%
General purpose /publicimprovement	18,831.8	23,025.6	19,586.2	-14.9%	4.0%
Government buildings	611.7	270.1	97.5	-63.9%	-84.1%
Higher education	7,898.9	4,709.2	4,290.5	-8.9%	-45.7%
Hospital equipment loans		13.7		-100.0%	
Industrial development	91.2	257.8	2.3	-99.1%	-97.5%
Libraries & museums	418.4	54.0	23.6	-56.3%	-94.4%
Mass transportation	3,559.4	4,772.5	1,499.4	-68.6%	-57.9%
Multi family housing	1,161.7	1,861.8	252.5	-86.4%	-78.3%
Nursing homes		16.0	0.8	-95.0%	
Office buildings	46.9				-100.0%
Other education	39.1	87.9	50.6	-42.4%	29.4%
Other recreation	311.5	72.0	416.4	478.3%	33.7%
Parking facilities	106.0	307.1	66.5	-78.3%	-37.3%
Parks, Zoos & Beaches	188.7	185.4	212.5	14.6%	12.6%
Police stations & equipment	16.4	7.5	63.6	748.0%	287.8%
Pollution control	597.6	35.0	71.7	104.9%	-88.0%
Primary & secondary education	18,168.9	8,303.3	10,523.9	26.7%	-42.1%
Publicpower	1,874.4	3,181.5	925.4	-70.9%	-50.6%
Sanitation	59.7	29.7	67.9	128.6%	13.7%
Seaports / marine terminals	147.2	103.8	146.6	41.2%	-0.4%
Single family housing	1,696.3	1,862.9	1,097.4	-41.1%	-35.3%
Single speciality hospital	41.6	50.8	73.9	45.5%	77.6%
Solid waste	322.3	187.3	78.4	-58.1%	-75.7%
Stadiums & sports complexes	442.9	124.6	541.5	334.6%	22.3%
Student loans	1,665.2	497.7	243.2	-51.1%	-85.4%
Telecommunications	6.8	11.2	22.9	104.5%	236.8%
Theatres	45.2	82.9		-100.0%	-100.0%
Toll roads, highways & streets	3,712.1	4,826.9	5,419.9	12.3%	46.0%
Water & sewer facilities	7,684.8	6,380.7	5,633.7	-11.7%	-26.7%
ALL	81,290.3	73,359.3	60,388.5	-17.7%	-25.7%

BUILD AMERICA BONDS



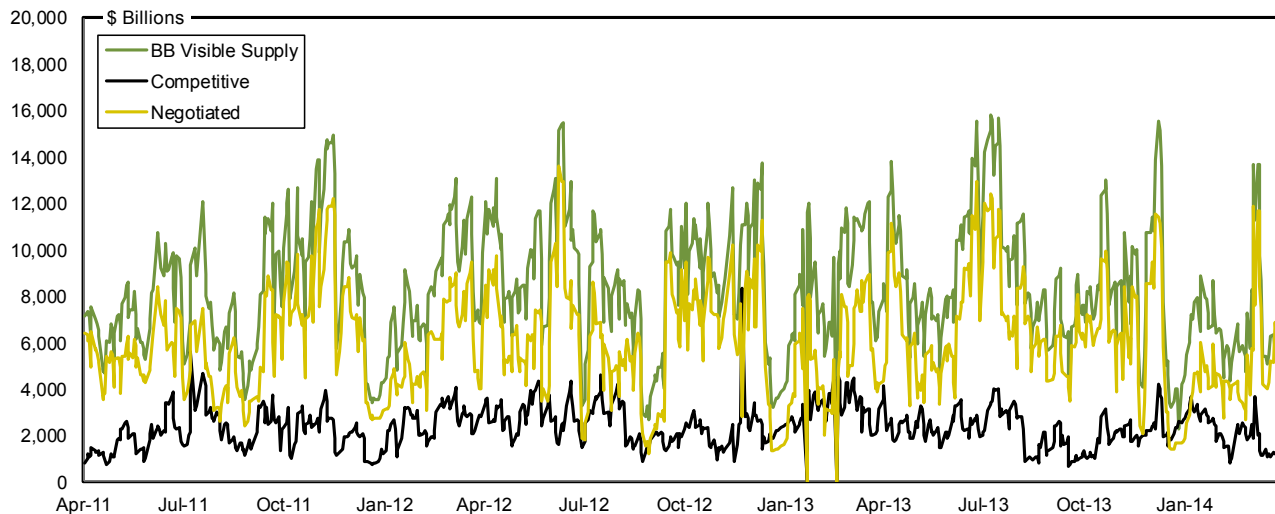
Source: Wells Fargo



Source: Wells Fargo

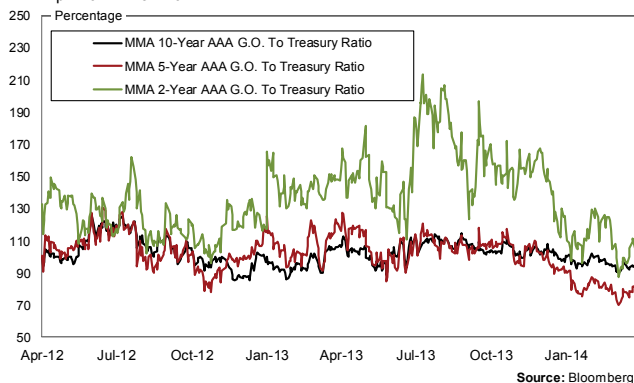
SUPPLY, YIELD CURVES, TOTAL RETURN, SPREADS & RATIOS

Bond Buyer 30-Day Visible Supply
Apr. 1, 2011 - Mar. 31, 2014



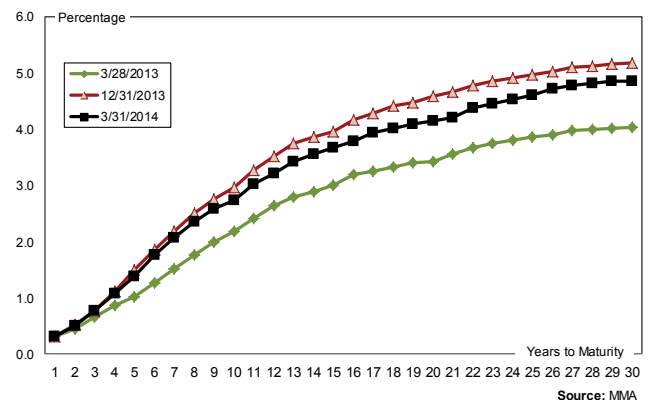
Source: Bond Buyer, Bloomberg

2-, 5-, and 10-Year AAA G.O. to Treasury Ratios
Apr. 2012 - Mar. 2014



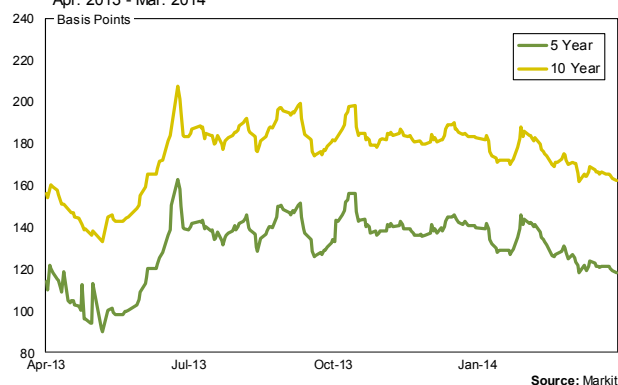
Source: Bloomberg

MMA Yield Curves

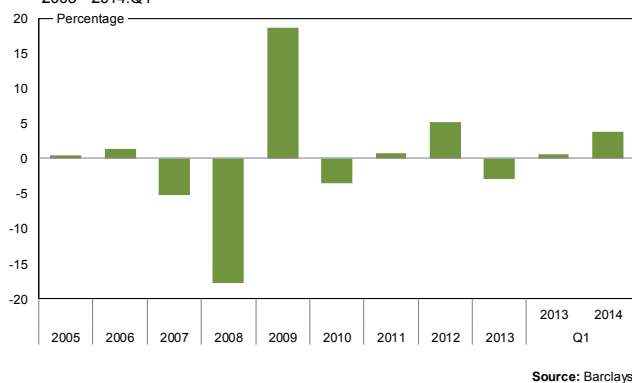


Source: MMA

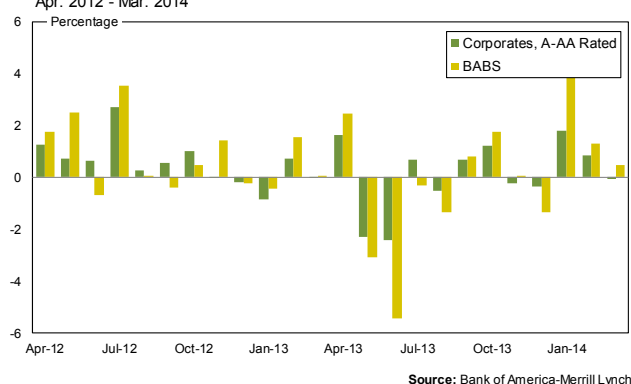
MCDX (5- and 10- Year)
Apr. 2013 - Mar. 2014



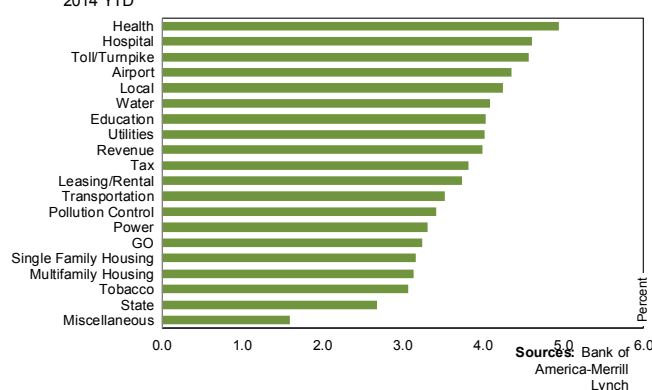
Municipal Total Return
2005 - 2014:Q1



Corporate versus Build America Bonds Total Return
Apr. 2012 - Mar. 2014



Total Return by Municipal Bond Sector
2014 YTD



TRADING SUMMARY

Total Number of Trades

	# of Trades				Par Amount (Millions)			
	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades
2013:Q4	1,154,907	582,657	830,249	2,567,813	299,674	207,169	136,944	\$643,787
2014:Q1	1,031,442	522,166	824,516	2,378,124	271,483	200,473	152,585	\$624,541
%Change	-11%	-10%	-1%	-7%	-9%	-3%	11%	-3%

of Trades

	# 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+
2013:Q4	84%	11%	2%	3%	2,567,813	11%	11%	6%	72%
2014:Q1	83%	12%	2%	3%	2,378,124	10%	11%	7%	72%

Trades by Sector

	Education	Health	Utility	Various Purpose	Transportation	Tax-Revenue	Other	Total (Millions)
2013:Q4	17%	11%	12%	10%	9%	10%	31%	\$643,787
2014:Q1	18%	10%	12%	11%	10%	10%	29%	\$624,541

Trades by Maturity

	# of Trades					Total (Millions)
	1 Year or Less	1+ Year to 5 Years	5+ Years to 10 Years	10+ Years to 20 Years	20+ Years	
2013:Q4	4%	9%	15%	30%	42%	\$643,787
2014:Q1	3%	9%	14%	30%	43%	\$624,541

Trades by Source of Repayment

	Revenue	General Obligation	Double Barrel	Not Available	Total (Millions)
2013:Q4	74%	24%	2%	0%	\$643,787
2014:Q1	71%	27%	2%	0%	\$624,541

Trades by Coupon Type

	Fixed Rate	Variable Rate	Zero Coupon	Not Available	Total (Millions)
2013:Q4	59%	37%	4%	0%	\$643,787
2014:Q1	61%	33%	6%	0%	\$624,541

Source: MSRB EMMA

MUNICIPAL CDS

Market Risk Activity of Single-Name Municipal CDS (\$ millions) ¹¹

State	California	Florida	Illinois	Michigan	New Jersey	New York	Texas	New York City	Massachusetts	TOTAL	Average Contract Size
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
Oct-13	82.0	10.0	7.0	3.0	63.5	0.2		40.0	20.0	225.7	6.1
Nov-13	37.0	125.5	96.3	35.0		15.0	10.0	25.0		343.8	8.0
Dec-13	26.0		101.0	6.0	6.0					139.0	5.6
Jan-14	167.0	288.0	320.7		99.0	93.0	9.8	61.5		1,039.0	24.2
Feb-14	60.5	50.0			3.3	23.1	0.5	10.0		147.4	4.6
Mar-14	41.0		71.0	6.0	6.0		0.8			124.8	5.4
1Q'14	268.5	338.0	391.7	6.0	108.3	116.1	11.1	71.5	0.0	1,311.1	13.4
Q-o-Q	85.2%	149.4%	91.7%	-86.4%	55.8%		10.5%	10.0%	-100.0%	85.1%	
Y-o-Y	-48.4%	420.0%	36.1%		258.6%	260.5%	-88.4%	-62.8%	-100.0%	6.4%	

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
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
12/31/2013	163.0	91.7	84.0	67.0	70.0	43.0	62.0	50.0	35.0	35.0	42.0	32.0	30.0	30.0	28.0	30.0	36.0
3/31/2014	141.0	56.0	87.0	46.0	63.0	41.0	59.0	45.0	34.0	35.0	37.0	29.0	29.0	29.0	38.3	26.6	30.0
Q-o-Q	-13.5%	-38.9%	3.6%	-31.3%	-10.0%	-4.7%	-4.8%	-10.0%	-2.9%	0.0%	-11.9%	-9.4%	-3.3%	-3.3%	36.9%	-11.4%	-16.7%
Y-o-Y	1.4%	-36.5%	3.6%	-39.5%	-17.1%	-46.1%	-29.8%	-26.2%	-33.3%	-31.4%	-37.3%	-39.6%	-38.3%	-35.6%	-14.8%	-23.0%	-37.5%

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
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	119.0	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
12/31/2013	218.0	143.0	128.0	98.0	108.0	93.0	108.0	93.0	78.0	79.0	88.0	62.0	58.0	58.0	58.0	57.5	63.0
3/31/2014	191.0	106.0	130.0	93.0	110.0	90.0	102.0	93.0	75.0	74.0	83.0	63.0	58.0	56.0	55.0	54.7	57.0
Q-o-Q	-12.4%	-25.9%	1.6%	-5.1%	1.9%	-3.2%	-5.6%	0.0%	-3.8%	-6.3%	-5.7%	1.6%	0.0%	-3.4%	-5.2%	-4.9%	-9.5%
Y-o-Y	0.0%	-18.7%	4.8%	-16.2%	-6.0%	-10.0%	-17.7%	-6.1%	-13.8%	-14.9%	-13.5%	-20.3%	-18.3%	-16.4%	-19.1%	-10.3%	-16.2%

Source: CMA Datavision

¹¹ "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 Type¹²

\$ Millions

State	Total Outstanding	G.O.	Revenue	Due in 13 Months	Long-Term	2013:Q4 Total Outstanding	% Change
AK Alaska	10,715.0	2,914.3	7,800.7	866.6	9,848.3	10,416.9	2.9%
AL Alabama	33,143.9	5,970.5	27,173.4	1,042.7	32,101.2	33,574.0	-1.3%
AR Arkansas	13,187.9	5,572.9	7,615.0	658.8	12,529.1	13,229.9	-0.3%
AZ Arizona	52,509.5	10,454.3	42,055.2	2,377.6	50,131.9	52,436.0	0.1%
CA California	541,121.0	198,883.3	342,237.8	25,796.9	515,324.1	540,393.2	0.1%
CO Colorado	55,454.7	11,652.1	43,802.7	2,778.3	52,676.4	55,973.4	-0.9%
CT Connecticut	43,591.9	23,998.0	19,593.8	3,486.1	40,105.7	43,254.9	0.8%
DC District of Columbia	28,866.3	2,781.7	26,084.7	1,050.1	27,816.2	29,575.1	-2.4%
DE Delaware	7,484.3	2,585.5	4,898.8	406.8	7,077.5	7,327.5	2.1%
FL Florida	147,702.9	17,237.4	130,465.4	5,776.8	141,926.1	148,425.2	-0.5%
GA Georgia	69,019.3	15,453.4	53,565.9	3,069.1	65,950.2	68,522.6	0.7%
GU Guam	2,462.8	409.0	2,053.9	28.7	2,434.2	2,462.8	0.0%
HI Hawaii	15,593.8	9,557.2	6,036.6	800.1	14,793.8	15,660.9	-0.4%
IA Iowa	20,910.9	6,149.1	14,761.8	1,148.4	19,762.5	20,852.0	0.3%
ID Idaho	9,719.4	5,114.6	4,604.7	1,112.9	8,606.4	9,255.8	5.0%
IL Illinois	156,055.8	79,598.6	76,457.2	6,899.0	149,156.8	154,792.1	0.8%
IN Indiana	51,236.7	1,026.1	50,210.6	2,593.9	48,642.8	52,188.9	-1.8%
KS Kansas	21,685.5	9,376.9	12,308.6	2,014.6	19,670.9	21,474.7	1.0%
KY Kentucky	34,511.1	1,636.2	32,874.9	1,823.9	32,687.3	34,965.5	-1.3%
LA Louisiana	34,139.4	6,840.8	27,298.6	1,262.5	32,876.9	33,590.4	1.6%
MA Massachusetts	93,850.0	33,009.1	60,840.8	6,186.4	87,663.6	93,120.7	0.8%
MD Maryland	48,367.9	23,744.6	24,623.3	2,826.8	45,541.1	47,936.6	0.9%
ME Maine	7,697.0	1,679.4	6,017.6	472.6	7,224.4	7,888.0	-2.4%
MI Michigan	76,661.1	16,158.4	60,502.7	3,791.3	72,869.8	77,271.5	-0.8%
MN Minnesota	47,743.5	23,027.1	24,716.4	3,211.2	44,532.3	48,240.3	-1.0%
MO Missouri	46,669.0	9,122.5	37,546.6	1,846.0	44,823.0	47,154.6	-1.0%
MS Mississippi	18,024.6	6,400.6	11,624.0	736.6	17,288.0	18,006.0	0.1%
MT Montana	11,080.8	8,005.0	3,075.9	752.7	10,328.1	11,095.7	-0.1%
NC North Carolina	52,540.7	12,739.9	39,800.9	2,678.5	49,862.3	53,139.9	-1.1%
ND North Dakota	4,308.3	1,292.2	3,016.2	255.9	4,052.5	4,291.5	0.4%
NE Nebraska	17,496.2	4,935.5	12,560.6	813.1	16,683.1	17,539.3	-0.2%
NH New Hampshire	9,162.6	2,280.3	6,882.3	467.0	8,695.6	9,519.9	-3.8%
NJ New Jersey	117,601.7	23,702.6	93,899.1	10,855.2	106,746.5	118,113.8	-0.4%
NM New Mexico	13,979.3	3,141.9	10,837.5	867.6	13,111.8	14,227.1	-1.7%
NV Nevada	26,559.8	13,414.2	13,145.6	1,197.5	25,362.3	28,377.6	-6.4%
NY New York	370,668.1	79,700.9	290,967.1	20,306.8	350,361.3	370,634.4	0.0%
OH Ohio	104,605.3	29,359.9	75,245.4	5,285.1	99,320.2	104,583.0	0.0%
OK Oklahoma	19,484.2	3,689.9	15,794.3	1,607.0	17,877.2	19,425.2	0.3%
OR Oregon	35,253.1	19,260.5	15,992.6	2,267.0	32,986.1	35,336.2	-0.2%
OT Other Territories	9,187.9	25.0	9,162.9	63.2	9,124.7	9,403.8	-2.3%
PA Pennsylvania	128,869.8	44,054.8	84,814.9	6,903.1	121,966.6	129,202.2	-0.3%
PR Puerto Rico	107,103.3	14,145.5	92,957.8	2,116.2	104,987.1	103,575.3	3.4%
RI Rhode Island	13,003.3	1,894.8	11,108.5	487.5	12,515.8	13,189.5	-1.4%
SC South Carolina	36,631.7	8,478.5	28,153.2	2,206.4	34,425.3	37,346.4	-1.9%
SD South Dakota	6,761.7	3,010.6	3,751.2	364.0	6,397.7	6,862.3	-1.5%
TN Tennessee	38,030.5	13,912.5	24,118.1	2,537.2	35,493.3	38,426.2	-1.0%
TT Trust Territories	273.5	91.4	182.1		273.5	275.2	-0.6%
TX Texas	304,110.6	143,417.8	160,692.8	17,699.1	286,411.5	304,558.0	-0.1%
UT Utah	21,261.1	6,873.6	14,387.5	986.0	20,275.1	21,304.2	-0.2%
VA Virginia	60,377.0	13,341.0	47,036.0	3,199.3	57,177.8	61,072.7	-1.1%
VI Virgin Islands	2,324.1		2,324.1	57.1	2,267.0	2,324.9	0.0%
VT Vermont	5,540.5	662.1	4,878.4	141.0	5,399.4	5,597.2	-1.0%
WA Washington	77,992.0	37,328.2	40,663.8	3,782.0	74,210.0	77,559.6	0.6%
WI Wisconsin	43,711.9	20,981.1	22,730.8	3,418.9	40,293.1	43,629.4	0.2%
WV West Virginia	11,161.6	919.2	10,242.3	1,043.6	10,118.0	11,268.0	-0.9%
WY Wyoming	3,070.8	147.2	2,923.6	282.7	2,788.1	3,238.2	-5.2%
TOTAL (3/31/2014)	3,340,276.5	1,041,159.7	2,299,116.9	176,705.3	3,163,571.2	3,343,106.5	-0.1%
TOTAL (12/31/2013)	3,343,106.5	1,033,139.4	2,309,967.1	172,790.5	3,170,316.0		
% Change	-0.1%	0.8%	-0.5%	2.3%	-0.2%		

¹² 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) as well as the growth of the municipal direct loan market, which is largely not CUSIP-based.

Outstanding and by Tax Status, Coupon, Use of Proceeds, Industry¹³

\$ Millions

State	Total Outstanding	Tax-Exempt	AMT	Taxable	Fixed	Zero	Industry	Total Outstanding
AK Alaska	10,715.0	8,779.9	764.5	1,170.7	8,221.8	219.8	Airport	85,999.0
AL Alabama	33,143.9	25,738.3	1,310.5	6,095.1	24,019.2	867.8	Development	121,618.6
AR Arkansas	13,187.9	7,867.2	411.4	4,909.3	11,810.2	376.7	Education	687,578.7
AZ Arizona	52,509.5	45,520.0	1,569.8	5,419.7	47,001.3	37.3	GO	650,398.3
CA California	541,121.0	425,950.1	19,694.0	95,476.9	386,682.5	75,796.3	Healthcare	263,760.5
CO Colorado	55,454.7	40,628.5	3,416.1	11,410.2	44,237.1	3,377.6	Housing	104,650.8
CT Connecticut	43,591.9	32,823.0	1,385.7	9,383.2	36,443.2	457.2	Other	698,062.8
DC District of Columbia	28,866.3	22,324.2	3,468.1	3,074.0	18,557.6	5,667.4	Public Facilities	15,655.2
DE Delaware	7,484.3	5,463.0	490.8	1,530.5	5,753.0	80.6	Student Loan	41,377.1
FL Florida	147,702.9	122,844.3	12,382.2	12,476.4	123,167.9	3,341.1	Transportation	232,584.5
GA Georgia	69,019.3	54,438.1	4,044.3	10,536.9	54,822.0	131.0	Utilities	438,590.8
GU Guam	2,462.8	2,204.6	203.6	54.7	2,347.4	115.5	TOTAL (3/31/2014)	3,340,276.5
HI Hawaii	15,593.8	12,536.3	1,154.7	1,902.8	14,963.6	44.7		
IA Iowa	20,910.9	13,065.8	710.7	7,134.4	17,902.6	556.4		
ID Idaho	9,719.4	4,418.9	591.3	4,709.1	5,027.1	75.2		
IL Illinois	156,055.8	100,746.9	6,688.7	48,620.3	122,541.0	15,901.9		
IN Indiana	51,236.7	36,273.0	3,761.1	11,202.7	37,727.8	1,122.6		
KS Kansas	21,685.5	14,141.4	570.3	6,973.8	19,781.0	267.4		
KY Kentucky	34,511.1	22,073.1	2,396.8	10,041.3	26,758.4	521.8		
LA Louisiana	34,139.4	26,984.9	1,398.2	5,756.3	26,831.3	473.3		
MA Massachusetts	93,850.0	78,076.9	4,152.9	11,620.2	76,072.2	1,162.9		
MD Maryland	48,367.9	39,571.7	2,201.5	6,594.7	41,898.2	150.6		
ME Maine	7,697.0	5,481.5	754.5	1,461.0	6,845.0			
MI Michigan	76,661.1	57,134.9	4,028.5	15,497.7	55,058.3	8,112.5		
MN Minnesota	47,743.5	33,039.8	2,359.6	12,344.0	40,191.9	798.2		
MO Missouri	46,669.0	30,819.1	1,420.8	14,429.1	34,006.6	914.7		
MS Mississippi	18,024.6	11,415.3	838.8	5,770.5	12,103.2	3.0		
MT Montana	11,080.8	2,382.5	386.4	8,311.9	3,066.4	10.2		
NC North Carolina	52,540.7	45,064.0	1,615.1	5,861.6	41,167.7	233.8		
ND North Dakota	4,308.3	2,761.7	344.1	1,202.5	3,892.2			
NE Nebraska	17,496.2	12,249.2	425.5	4,821.5	15,431.3	3.4		
NH New Hampshire	9,162.6	6,093.4	798.7	2,270.5	6,475.9	95.9		
NJ New Jersey	117,601.7	86,613.8	6,940.0	24,047.9	91,649.9	14,969.2		
NM New Mexico	13,979.3	11,221.6	649.6	2,108.2	11,297.5	6.2		
NV Nevada	26,559.8	21,033.5	2,191.5	3,334.7	22,076.4	949.1		
NY New York	370,668.1	298,044.5	21,060.1	51,563.5	294,963.8	15,853.2		
OH Ohio	104,605.3	74,268.2	3,157.3	27,179.8	75,011.8	8,813.7		
OK Oklahoma	19,484.2	13,978.6	1,171.3	4,334.4	17,014.7	148.6		
OR Oregon	35,253.1	22,311.0	1,392.1	11,550.0	29,273.5	3,173.3		
OT Other Territories	9,187.9	2,091.8	7,027.0	69.1	843.0			
PA Pennsylvania	128,869.8	92,862.0	5,864.6	30,143.1	96,197.8	7,505.0		
PR Puerto Rico	107,103.3	86,879.4	456.4	19,767.6	61,183.4	37,317.9		
RI Rhode Island	13,003.3	10,306.0	1,272.0	1,425.3	8,653.6	2,858.8		
SC South Carolina	36,631.7	28,974.0	1,072.3	6,585.3	28,221.3	2,857.3		
SD South Dakota	6,761.7	2,644.2	519.7	3,597.9	3,842.1	13.5		
TN Tennessee	38,030.5	28,790.3	1,487.6	7,752.6	30,630.2	765.8		
TT Trust Territories	273.5	231.4	42.1	-	133.5			
TX Texas	304,110.6	231,242.3	15,938.4	56,929.9	238.7	19,481.1		
UT Utah	21,261.1	14,294.2	503.1	6,463.7	15,965.3	430.2		
VA Virginia	60,377.0	47,062.6	3,311.7	10,002.7	52,347.2	2,066.9		
VI Virgin Islands	2,324.1	2,187.1	18.0	119.1	2,274.6	48.1		
VT Vermont	5,540.5	2,889.0	893.2	1,758.3	2,894.0			
WA Washington	77,992.0	59,562.8	4,142.4	14,286.8	70,361.9	2,459.1		
WI Wisconsin	43,711.9	28,491.4	1,689.4	13,531.1	37,550.5	437.9		
WV West Virginia	11,161.6	5,876.1	797.1	4,488.3	6,519.8	2,795.1		
WY Wyoming	3,070.8	1,897.9	824.0	348.9	1,819.9	1.0		
TOTAL (3/31/2014)	3,340,276.5	2,522,665.0	168,159.9	649,451.6	2,331,769.0	243,867.9		
TOTAL (12/31/2013)	3,343,106.5	2,520,936.8	171,953.9	650,215.9	2,557,876.2	243,789.4		
% Change	-0.1%	0.1%	-2.2%	-0.1%	-8.8%	0.0%		

¹³ 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) as well as the growth of the municipal direct loan market, which is largely not CUSIP-based. 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 Rating¹⁴

\$ Millions

State	Total Outstanding	BAB Only	Prerefunded Only	Derivatives Only	AAA	AA	A	BBB	HY	NonRated
AK Alaska	10,715.0	357.7	261.6	290.6	1,445.0	5,766.5	1,869.4	480.7	487.0	666.4
AL Alabama	33,143.9	598.2	1,709.5	862.4	883.3	14,520.8	7,914.3	1,983.1	2,113.9	5,728.6
AR Arkansas	13,187.9	34.7	373.6	73.9	495.9	7,565.3	1,949.7	576.3	29.4	2,571.3
AZ Arizona	52,509.5	1,985.6	3,719.7	1,653.6	3,155.3	27,449.5	12,474.6	4,740.1	707.4	3,982.7
CA California	541,121.0	37,524.6	17,047.4	19,762.9	6,318.9	216,159.7	190,334.1	41,121.9	21,177.9	66,008.5
CO Colorado	55,454.7	4,058.3	5,127.6	2,082.8	3,343.7	26,092.1	13,205.2	6,183.1	353.4	6,277.3
CT Connecticut	43,591.9	1,899.6	1,091.5	755.1	8,412.0	25,891.4	6,112.8	646.2	211.5	2,318.1
DC District of Columbia	28,866.3	1,921.0	576.7	1,505.6	343.1	10,662.6	8,946.4	2,851.6	3,392.4	2,670.4
DE Delaware	7,484.3	519.3	493.8	202.1	2,483.3	3,074.3	914.6	534.8	75.0	402.4
FL Florida	147,702.9	5,529.6	3,763.2	7,441.3	3,158.1	59,632.6	59,591.7	7,417.5	868.6	17,034.5
GA Georgia	69,019.3	3,722.1	3,294.9	1,400.2	14,186.8	18,151.3	24,832.6	3,426.9	365.1	8,056.7
GU Guam	2,462.8				-	-	463.5	957.2	616.4	425.8
HI Hawaii	15,593.8	1,264.2	1,616.9	808.3	19.8	12,109.1	2,399.8	544.7	110.2	410.1
IA Iowa	20,910.9	673.1	345.5	129.8	2,061.7	7,547.3	5,676.2	307.5	2,346.1	2,972.1
ID Idaho	9,719.4	128.8	362.1	70.1	4,048.4	2,114.3	2,118.2	211.4	132.8	1,094.3
IL Illinois	156,055.8	10,502.4	5,828.0	6,041.8	5,540.4	46,261.7	67,349.3	28,114.7	809.6	7,980.1
IN Indiana	51,236.7	1,957.5	2,664.6	1,801.0	2,803.8	21,399.3	14,520.9	4,761.7	385.8	7,365.2
KS Kansas	21,685.5	1,565.8	1,269.3	170.1	1,658.5	11,450.6	5,039.0	589.9	130.6	2,816.8
KY Kentucky	34,511.1	2,670.4	1,342.2	419.1	2,055.9	14,514.6	13,677.7	2,588.5	104.8	1,569.7
LA Louisiana	34,139.4	772.8	2,491.5	504.9	2,810.4	13,451.9	9,950.1	5,666.9	198.5	2,061.7
MA Massachusetts	93,850.0	4,833.4	6,674.0	4,993.3	13,759.6	60,185.6	10,409.6	3,236.3	356.8	5,902.0
MD Maryland	48,367.9	3,400.4	3,887.3	787.8	19,130.5	17,850.4	5,156.6	1,965.8	502.6	3,761.9
ME Maine	7,697.0	88.1	326.4	133.9	107.6	4,159.1	2,703.1	273.8	70.0	383.4
MI Michigan	76,661.1	2,521.8	3,111.0	2,335.9	7,321.5	33,050.8	14,046.0	2,047.0	10,828.3	9,367.5
MN Minnesota	47,743.5	1,289.7	1,257.0	724.7	5,891.3	29,473.4	6,212.3	1,289.8	245.6	4,631.2
MO Missouri	46,669.0	2,914.7	1,394.1	963.4	4,483.2	22,295.1	10,064.4	2,785.9	174.7	6,865.7
MS Mississippi	18,024.6	764.9	855.2	183.1	498.7	10,939.4	2,221.1	1,577.2	56.6	2,731.6
MT Montana	11,080.8	29.2	187.0	12.7	-	2,189.8	1,270.6	75.7	30.0	7,514.7
NC North Carolina	52,540.7	1,596.3	3,947.5	1,255.1	13,581.5	24,378.8	9,166.7	3,082.8	49.8	2,281.2
ND North Dakota	4,308.3	60.0	100.0	18.1	178.8	2,265.3	989.8	404.5	-	470.0
NE Nebraska	17,496.2	981.0	521.3	566.8	401.0	8,329.2	3,688.5	1,970.0	38.6	3,068.9
NH New Hampshire	9,162.6	354.9	343.3	244.2	255.3	5,467.0	2,245.9	656.1	134.2	404.1
NJ New Jersey	117,601.7	6,586.2	8,051.2	3,854.8	7,163.6	27,813.2	62,588.4	7,376.3	4,283.8	8,376.3
NM New Mexico	13,979.3	274.5	981.0	441.7	1,244.5	10,380.0	1,077.0	714.2	77.7	486.0
NV Nevada	26,559.8	2,512.3	1,840.3	1,355.4	207.4	14,177.2	8,536.8	419.2	285.1	2,934.1
NY New York	370,668.1	20,629.8	11,704.7	12,904.8	19,644.4	232,795.6	64,752.1	16,953.5	8,804.8	27,717.6
OH Ohio	104,605.3	7,581.6	6,017.8	2,260.1	7,946.2	42,742.0	23,561.8	5,709.5	12,505.5	12,140.3
OK Oklahoma	19,484.2	729.4	395.2	485.7	2,373.0	8,932.2	4,610.7	897.5	82.4	2,588.4
OR Oregon	35,253.1	971.0	2,221.0	200.3	899.3	24,993.5	6,872.4	816.9	49.2	1,621.8
OT Other Territories	9,187.9		6,470.7		721.3	6,994.0	17.9	370.3	-	1,084.4
PA Pennsylvania	128,869.8	4,975.5	4,279.3	5,023.1	2,564.2	51,665.9	53,418.8	11,819.0	1,730.0	7,671.9
PR Puerto Rico	107,103.3	1,013.0	2,283.3	3,192.0	181.7	399.3	3,607.8	38,222.7	47,142.8	17,549.0
RI Rhode Island	13,003.3		340.1	234.5	870.9	4,790.2	2,587.2	1,134.4	2,881.8	738.8
SC South Carolina	36,631.7	1,068.3	2,420.9	849.0	985.7	15,428.5	13,112.7	2,133.0	340.0	4,631.9
SD South Dakota	6,761.7	327.5	109.0	55.4	198.4	2,612.0	1,322.9	108.2	-	2,520.2
TN Tennessee	38,030.5	1,818.4	2,576.4	591.0	1,575.5	22,150.9	6,711.8	4,461.9	-	3,130.4
TT Trust Territories	273.5				-	-	-	-	42.1	231.4
TX Texas	304,110.6	16,555.7	17,231.1	9,245.1	101,333.8	100,560.2	46,554.1	23,587.0	2,626.2	29,449.3
UT Utah	21,261.1	2,890.3	1,212.6	827.8	8,180.1	8,765.0	2,552.1	304.8	89.0	1,370.1
VA Virginia	60,377.0	3,803.0	5,646.3	1,111.2	15,374.8	32,392.2	4,111.7	3,030.4	2,138.8	3,329.2
VI Virgin Islands	2,324.1	37.3	78.0	0.5	1.4	-	78.7	1,933.6	144.4	166.0
VT Vermont	5,540.5	126.3	111.3	17.0	44.9	3,204.5	772.2	431.9	34.7	1,052.2
WA Washington	77,992.0	6,077.3	6,398.1	2,456.2	1,552.2	62,105.2	10,145.7	1,452.3	74.3	2,662.2
WI Wisconsin	43,711.9	1,884.7	2,894.9	1,030.0	1,828.9	28,811.6	8,027.5	1,201.4	105.8	3,736.6
WV West Virginia	11,161.6	88.2	443.4	150.6	358.3	1,954.2	3,564.0	920.5	2,594.5	1,770.2
WY Wyoming	3,070.8	135.6	55.2	29.6	312.0	1,335.4	1,164.4	198.4	-	60.5
TOTAL (3/31/2014)	3,340,276.5	176,605.8	153,274.6	110,981.2	306,395.7	1,469,401.6	847,263.1	257,266.4	133,136.5	326,813.4
TOTAL (12/31/2013)	3,343,106.5	177,031.3	153,336.0	114,937.8	305,132.6	1,450,317.2	909,239.3	251,125.9	96,977.9	330,313.7
% Change	-0.1%	-0.2%	0.0%	-3.4%	0.4%	1.3%	-6.8%	2.4%	37.3%	-1.1%

¹⁴ 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.¹⁵

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 Ratings¹⁶

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

¹⁵Authors' own definition.

¹⁶Moody'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.¹⁷

Standard and Poor's Ratings¹⁸

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

¹⁷The lowest rating is a "D" at both Moody's and Standard and Poor's.

¹⁸Standardandpoors.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."¹⁹

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.

¹⁹Authors' own definition.

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