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# **MUNICIPAL BOND CREDIT REPORT**

Second Quarter 2014

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**RESEARCH REPORT**

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## MARKET SUMMARY

### Municipal Issuance Overview – Primary Market

According to Thomson Reuters, long-term public municipal issuance volume totaled \$83.4 billion in the second quarter of 2014, an increase of 38.8 percent from the prior quarter (\$60.1 billion) but a decline of 6.2 percent year-over-year (y-o-y) (\$88.9 billion). Year to date ending June, issuance figures reached \$143.5 billion, well below the 10-year average of \$190.7 billion due to light supply in the first quarter. Including private placements<sup>1</sup> (\$4.7 billion), long-term municipal issuance for 2Q'14 was \$88.1 billion.

Tax-exempt issuance totaled \$74.0 billion in 2Q'14, an increase of 38.9 percent but a decline of 0.2 percent q-o-q and y-o-y, respectively. Taxable issuance totaled \$6.5 billion in 2Q'14, an increase of 19.4 percent q-o-q but a decline of 48.7 percent y-o-y. AMT issuance was \$2.9 billion, a twofold increase q-o-q and a 39.3 percent increase y-o-y.

By use of proceeds, general purpose led issuance totals in 2Q'14 (\$19.2 billion), followed by primary & secondary education (\$17.1 billion), and water & sewer facilities (\$6.7 billion), identical rankings as the prior quarter.

Refunding volumes as a percentage of issuance rose slightly from the prior quarter, with 52.7 percent of issuance compared to 48.8 percent in 1Q'14.<sup>2</sup>

### Yields, Inflows, and Total Return

Ratios of 10-year tax-exempt AAA GOs and similar-maturity Treasuries fell slightly in the second quarter, ending at 93.6 percent end-June from 93.7 percent end-March.

According to the Investment Company Institute (ICI), second quarter net flow into long-term municipal funds was positive, with \$6.8 billion of inflow, compared to \$3.4 billion of inflow from the prior quarter and \$19.2 billion of outflow y-o-y.

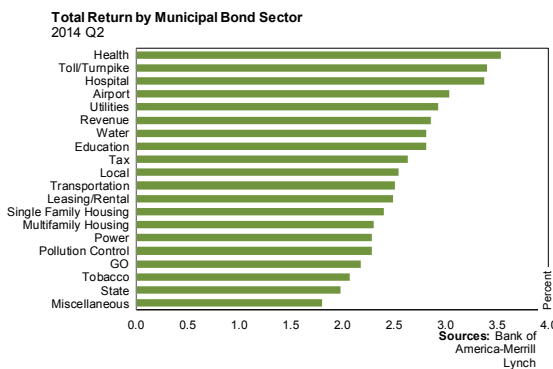
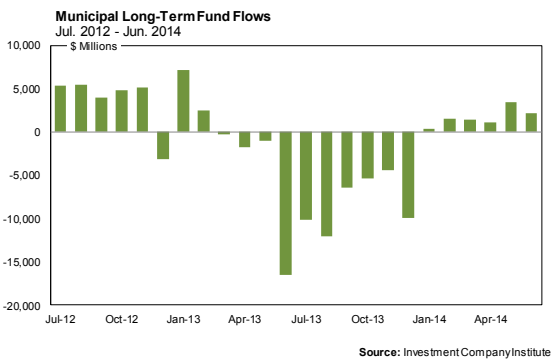
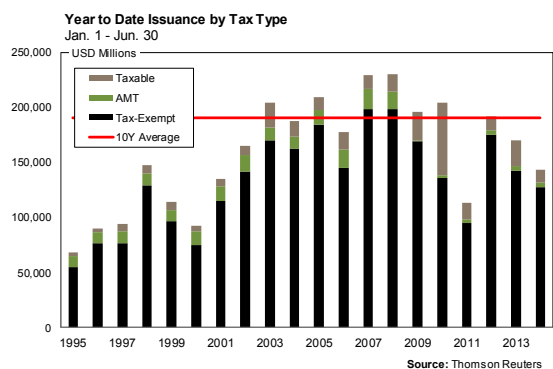
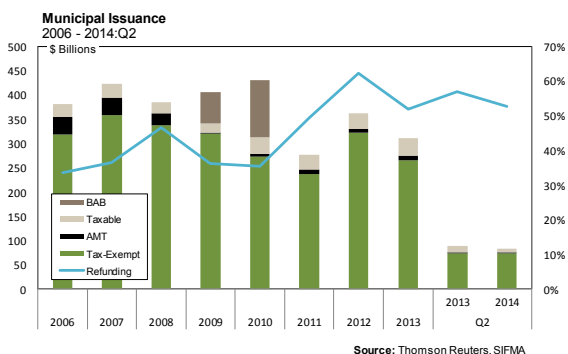
Tax-exempt money market funds reported a decline in assets in 2Q'14, reporting \$255.4 billion in assets under management at the end of June, a decrease of \$15.1 billion, or 5.6 percent of assets, from end-March 2014. Year-over-year, assets at tax-exempt money market funds fell by \$6.3 billion.

According to Bank of America-Merrill Lynch indices, municipals gained 2.7 percent in the second quarter of 2014. Build America Bonds (BABs) recovered similarly in the first quarter as well, posting a 4.8 percent gain in total return compared to 2.4 percent from similarly-rated corporates.

### Trading Activity

Trading activity increased q-o-q to \$10.4 billion daily in 2Q'14, a 1.6 percent increase from 1Q'14 (\$10.2 billion) but a decline of 13.0 percent from 2Q'13 (\$12.0 billion). By number of trades, however, trading activity declined 9.4 percent and 16.5 percent, respectively, q-o-q and y-o-y.

Holdings of municipal bonds by broker-dealers rose slightly to \$21.1 billion in 1Q'14, a 13.4 percent and 11.1 percent increase, respectively, from 4Q'13 and y-o-y. A preliminary examination of primary dealer data from the New York Fed suggests that municipal volume inventory in 2Q'14 has risen further.



<sup>1</sup> Private placement figures are included in top line totals, but figures in charts and tables exclude this subset.

<sup>2</sup> Percentages represent both full refundings and the full dollar amount of deals that contain both refundings and new financing. For just refunding, refunding volumes represent 35.6 percent of issuance in 2Q'14.

**CDS Update**

According to DTCC, \$5.9 billion of credit default swap contracts on municipal names were executed in the second quarter, an increase of 346.9 percent and 231.2 percent, respectively, q-o-q and y-o-y. California and New Jersey led state totals (\$1.6 billion and \$1.0 billion, respectively), while Ohio joined the top one thousand names in 2Q'14, with 25 contracts executed on \$164.0 million gross notional at the end of June. At the end of the second quarter, \$2.84 billion net notional of municipal CDS contracts were outstanding, a 2.3 percent increase from the prior quarter, with California notionals growing 21.9 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, rose in the second quarter, with \$2.2 billion issued in 2Q'14, an increase of 173.8 percent and 135.6 percent, respectively, q-o-q and y-o-y.

On net, VRDO outstandings continue to decline, ending 2Q'14 at \$215.9 billion, a decline of 2.1 percent from 1Q'14 and 12.1 percent from end-June 2013. Declines y-o-y were led by development (32.3 percent), nursing (29.0 percent), and education (24.8 percent).

As of end-June, \$34.9 billion of VRDO liquidity facilities were scheduled to expire in 2014, with an additional \$56.3 billion in 2015, for a total of \$91.2 billion of liquidity facilities on 4,333 CUSIPs within the following two years. While large banks continue to maintain their presence in the municipal VRDO market as liquidity providers, others have exited the market, either for business reasons or due to the fact that the VRDO market is now much smaller.

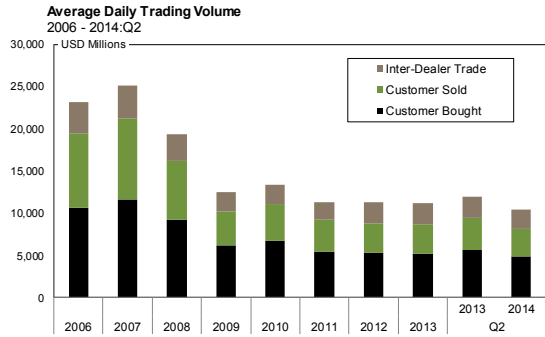
VRDO liquidity facility renewals with the same provider on approximately 1,200 unique CUSIPs averaged 598.7 days from the original expiration date, an increase from the 555.75 days in 4Q'13. The median extension, however, continues to remain unchanged at 1 year (365 days). The average life of a liquidity facility of the entire universe of VRDOs is approximately 4.65 years.

The SIFMA Municipal Swap index, a seven-day high-grade market index comprised of tax-exempt VRDOs, ended June at 0.06 percent, averaging 0.08 percent in 2Q'14, 4 basis points lower than 1Q'14's average (0.04 percent).

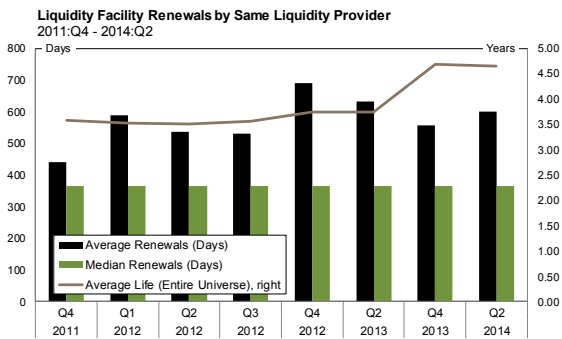
Issuance of floating rate notes ("FRN") (both LIBOR- and SIFMA- indexed, among others) also rose in the second quarter, with issuance of \$2.2 billion, a 142.7 percent increase but a 52.5 percent decline, respectively, q-o-q and y-o-y. As of end-June, \$72.2 billion of FRNs were outstanding, an increase of 1.1 percent q-o-q and 3.4 percent y-o-y. While LIBOR remains a popular index for FRNs and represents approximately 60 percent of existing municipal FRNs, the SIFMA swap has become more prevalent in usage in new deals among municipal FRNs.

**State & Government Update**

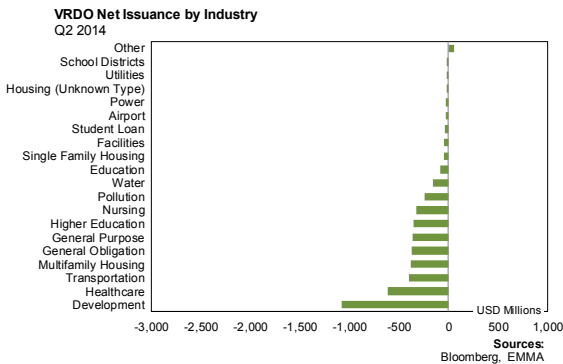
According to Nelson A. Rockefeller Institute of Government, states reported slowed growth in preliminary tax collections data for the first quarter of 2014, with additional declines expected particularly in personal income tax in the second quarter of 2014<sup>3</sup> Preliminary data from 46 states from 1Q'14 show that preliminary tax collection increased by 0.7 percent y-o-y, with 37 states reporting gains and nine reporting declines; of overall collections, personal income declined by 0.4 percent y-o-y (the first time since 2010), sales tax collections grew at 1.0 percent y-o-y, and corporate incomes grew 5.6



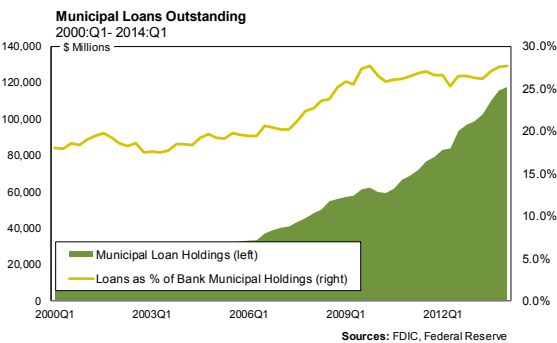
Source: MSRB, EMMA



Sources: EMMA, Bloomberg, SIFMA



Sources: Bloomberg, EMMA



Sources: FDIC, Federal Reserve

<sup>3</sup> Nelson A. Rockefeller Institute of Government, [How Surprising Will April Surprises Be?](#), May 6, 2014.

percent y-o-y.

In mid-July, the MSRB published a report on secondary market trading patterns, associated pricing, and the effect of transparency on pricing.<sup>4</sup>

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<sup>4</sup> MSRB (Eric R. Sirri, Babson College), [Report on Secondary Market Trading in the Municipal Securities Market](#), July 15, 2014.

## CHARTS &amp; DATA

LONG-TERM MUNICIPAL STATE ISSUANCE, 2Q'14<sup>5</sup>\$ Millions<sup>6</sup>

	Bond Type			Tax Type			Funding Type			
	Total	G.O.	Revenue	AMT	Tax-Exempt	Taxable	New Financing	Refinancing	Refunding & New Refinancing	New Refunding
State										
Alabama	352.7	196.8	155.9	-	325.7	27.0	123.1	-	78.7	150.9
Alaska	74.6	74.6	-	-	74.6	-	45.3	-	-	29.3
Arizona	1,846.6	826.0	1,020.6	-	1,597.6	248.9	731.1	-	447.1	668.5
Arkansas	584.1	371.0	213.1	-	452.2	131.8	279.8	-	39.5	264.8
California	10,321.6	4,079.3	6,242.3	71.8	9,367.9	878.5	5,105.2	-	608.7	4,604.2
Colorado	764.5	41.5	723.0	-	747.5	17.0	735.6	-	-	28.9
Connecticut	2,210.6	1,440.7	769.9	33.6	2,164.5	12.2	513.2	-	183.2	1,513.7
District of Columbia	1,003.6	-	1,003.6	539.3	421.8	42.6	-	-	539.3	464.4
Delaware	108.8	-	108.8	-	108.8	-	-	-	-	108.8
Florida	2,360.8	84.6	2,276.2	84.3	2,250.4	26.1	1,029.5	-	196.2	1,135.1
Georgia	1,708.2	1,026.6	681.6	-	1,534.8	173.3	1,168.1	-	324.4	215.6
Guam	0.0	-	-	-	-	-	-	-	-	-
Hawaii	68.7	68.7	-	-	68.7	-	68.7	-	-	-
Idaho	264.3	176.5	87.8	-	258.8	5.6	81.1	-	132.9	50.4
Illinois	4,163.7	1,910.3	2,253.4	608.9	3,220.6	334.2	2,701.9	-	836.7	625.1
Indiana	984.2	131.7	852.5	2.4	933.2	48.6	610.2	-	28.8	345.2
Iowa	759.3	469.4	289.9	2.3	683.0	74.0	485.2	-	69.2	204.9
Kansas	1,106.9	634.0	472.9	-	1,089.1	17.8	306.9	-	587.0	212.9
Kentucky	953.7	167.6	786.1	141.8	592.2	219.7	253.5	-	9.7	690.5
Louisiana	831.1	183.4	647.7	-	821.9	9.2	348.0	-	159.0	324.1
Maine	286.3	181.1	105.2	10.0	231.6	44.7	190.7	-	74.9	20.7
Maryland	709.0	566.3	142.7	-	709.0	-	487.8	-	134.9	86.3
Massachusetts	2,351.1	777.3	1,573.8	296.6	1,607.4	447.1	1,310.7	-	51.3	989.1
Michigan	2,293.3	1,098.2	1,195.1	-	1,784.3	509.0	1,334.9	-	193.1	765.3
Minnesota	1,567.6	880.1	687.5	-	1,555.7	12.0	1,229.7	-	63.5	274.5
Mississippi	260.1	110.0	150.1	-	234.8	25.3	130.5	-	89.8	39.8
Missouri	2,519.5	355.5	2,164.0	-	2,492.0	27.6	724.7	-	135.4	1,659.4
Montana	88.7	88.7	-	24.6	64.0	-	16.1	-	46.9	25.7
Nebraska	694.6	287.8	406.8	-	661.8	32.8	312.3	-	218.2	164.2
Nevada	479.6	336.3	143.3	-	438.2	41.4	172.5	-	35.1	272.0
New Hampshire	169.6	103.9	65.7	-	169.6	-	166.7	-	-	3.0
New Jersey	3,879.8	716.3	3,163.5	362.0	2,823.3	694.5	1,934.4	-	877.3	1,068.1
New Mexico	656.0	364.9	291.1	-	583.8	72.3	386.9	-	209.3	59.9
New York	7,633.6	2,493.8	5,139.8	-	7,142.3	490.3	4,332.8	-	1,507.9	1,791.9
North Carolina	1,060.7	720.2	340.5	-	985.8	74.9	253.3	-	66.5	741.0
North Dakota	353.7	155.1	198.6	27.1	317.5	9.2	194.3	-	101.5	58.0
Ohio	2,876.8	1,505.0	1,371.8	-	2,813.4	63.4	1,529.1	-	464.2	883.5
Oklahoma	663.3	323.3	340.0	-	662.9	0.4	478.9	-	9.1	175.3
Oregon	603.2	292.1	311.1	30.0	561.6	11.7	168.6	-	211.5	223.1
Pennsylvania	3,491.3	2,009.9	1,481.4	-	3,415.4	75.9	1,053.0	-	1,153.6	1,284.8
Puerto Rico	-	-	-	-	-	-	-	-	-	-
Rhode Island	282.1	132.1	150.0	-	182.6	99.4	70.6	-	15.9	195.6
South Carolina	1,208.8	498.4	710.4	-	1,194.4	14.4	988.3	-	20.2	200.3
South Dakota	190.0	80.2	109.8	24.8	165.3	-	129.2	-	5.6	55.3
Tennessee	680.2	222.6	457.6	26.0	651.7	2.6	525.6	-	30.6	124.0
Texas	10,820.0	6,418.3	4,401.7	534.9	9,152.3	1,132.8	3,962.8	-	2,697.0	4,160.1
Utah	610.0	142.9	467.1	-	527.0	83.0	84.2	-	120.4	405.3
Vermont	29.9	-	29.9	29.9	-	-	29.9	-	-	-
Virgin Islands	-	-	-	-	-	-	-	-	-	-
Virginia	1,846.1	647.6	1,198.5	-	1,792.9	53.2	727.3	-	494.1	624.8
Washington	3,193.7	2,070.5	1,123.2	-	3,008.8	184.9	1,068.3	-	933.9	1,191.5
West Virginia	207.4	-	207.4	28.9	163.7	14.9	81.9	-	-	125.5
Wisconsin	1,194.5	769.3	425.2	-	1,155.4	39.0	746.8	5.0	35.5	407.1
Wyoming	25.0	25.0	-	-	25.0	-	25.0	-	-	-
<b>ALL</b>	<b>83,393.5</b>	<b>36,255.4</b>	<b>47,138.1</b>	<b>2,879.2</b>	<b>73,986.8</b>	<b>6,523.2</b>	<b>39,434.2</b>	<b>5.0</b>	<b>14,237.6</b>	<b>29,712.4</b>
<b>QoQ</b>	<b>38.8%</b>	<b>24.5%</b>	<b>52.3%</b>	<b>116.5%</b>	<b>38.9%</b>	<b>19.4%</b>	<b>30.8%</b>	<b>-</b>	<b>3.9%</b>	<b>83.2%</b>
<b>YoY</b>	<b>-7.5%</b>	<b>-2.6%</b>	<b>-11.0%</b>	<b>39.3%</b>	<b>-0.2%</b>	<b>-48.7%</b>	<b>3.6%</b>	<b>-</b>	<b>-22.8%</b>	<b>-8.3%</b>

<sup>5</sup> Issuance totals do not include private placements.<sup>6</sup> 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	Coupon Type						
		Convertible	Fixed Rate	Linked Rate	Variable Rate		Variable Rate Short (VRDO)	Zero
					Long	No Put		
Alabama	352.7	-	348.7	-	-	-	4.0	-
Alaska	74.6	-	74.6	-	-	-	-	-
Arizona	1,846.6	-	1,666.6	-	-	-	180.0	-
Arkansas	584.1	-	584.0	-	-	-	-	-
California	10,321.6	11.6	10,023.4	-	-	-	193.4	89.7
Colorado	764.5	-	764.5	-	-	-	-	-
Connecticut	2,210.6	-	1,850.0	168.3	-	-	191.9	-
District of Columbia	1,003.6	-	1,003.6	-	-	-	-	-
Delaware	108.8	-	108.8	-	-	-	-	-
Florida	2,360.8	-	2,059.3	100.0	-	-	201.5	-
Georgia	1,708.2	-	1,581.1	100.0	11.0	-	16.0	-
Guam	0.0	-	-	-	-	-	-	-
Hawaii	68.7	-	68.7	-	-	-	-	-
Idaho	264.3	-	258.5	-	-	-	-	5.8
Illinois	4,163.7	-	4,013.6	-	-	-	143.2	6.9
Indiana	984.2	-	984.2	-	-	-	-	-
Iowa	759.3	-	759.3	-	-	-	-	-
Kansas	1,106.9	-	1,106.9	-	-	-	-	-
Kentucky	953.7	-	953.7	-	-	-	-	-
Louisiana	831.1	-	704.3	121.3	-	-	5.5	-
Maine	286.3	-	286.4	-	-	-	-	-
Maryland	709.0	-	709.0	-	-	-	-	-
Massachusetts	2,351.1	-	2,351.1	-	-	-	-	-
Michigan	2,293.3	-	1,994.2	135.4	-	-	163.8	-
Minnesota	1,567.6	-	1,447.7	-	-	-	120.0	-
Mississippi	260.1	-	260.0	-	-	-	-	-
Missouri	2,519.5	-	2,219.5	100.0	-	-	200.0	-
Montana	88.7	-	88.7	-	-	-	-	-
Nebraska	694.6	-	694.6	-	-	-	-	-
Nevada	479.6	-	475.9	-	-	-	3.7	-
New Hampshire	169.6	-	169.6	-	-	-	-	-
New Jersey	3,879.8	-	3,879.8	-	-	-	-	-
New Mexico	656.0	-	656.1	-	-	-	-	-
New York	7,633.6	-	7,046.0	187.7	-	-	398.8	-
North Carolina	1,060.7	-	1,060.7	-	-	-	-	-
North Dakota	353.7	-	326.7	-	-	-	27.1	-
Ohio	2,876.8	-	2,747.2	-	14.1	-	113.3	2.2
Oklahoma	663.3	-	663.3	-	-	-	-	-
Oregon	603.2	-	603.2	-	-	-	-	-
Pennsylvania	3,491.3	85.0	2,533.5	514.2	225.1	-	107.1	26.4
Puerto Rico	-	-	-	-	-	-	-	-
Rhode Island	282.1	-	188.9	93.1	-	-	-	-
South Carolina	1,208.8	-	1,208.8	-	-	-	-	-
South Dakota	190.0	-	190.0	-	-	-	-	-
Tennessee	680.2	-	680.2	-	-	-	-	-
Texas	10,820.0	-	9,773.4	580.0	378.4	-	76.0	12.3
Utah	610.0	-	609.9	-	-	-	-	-
Vermont	29.9	-	29.9	-	-	-	-	-
Virgin Islands	-	-	-	-	-	-	-	-
Virginia	1,846.1	-	1,846.1	-	-	-	-	-
Washington	3,193.7	-	3,193.7	-	-	-	-	-
West Virginia	207.4	-	142.4	-	-	-	65.0	-
Wisconsin	1,194.5	-	1,088.5	85.0	-	-	20.9	-
Wyoming	25.0	-	25.0	-	-	-	-	-
<b>ALL</b>	<b>83,393.5</b>	<b>96.6</b>	<b>78,103.8</b>	<b>2,185.0</b>	<b>628.6</b>	<b>0.0</b>	<b>2,231.2</b>	<b>143.3</b>
<b>QoQ</b>	<b>38.8%</b>	<b>214.7%</b>	<b>35.9%</b>	<b>142.7%</b>	<b>12.9%</b>		<b>173.8%</b>	<b>-54.4%</b>
<b>YoY</b>	<b>-7.5%</b>	<b>20.4%</b>	<b>-4.9%</b>	<b>-52.5%</b>	<b>-35.1%</b>		<b>135.6%</b>	<b>-37.9%</b>

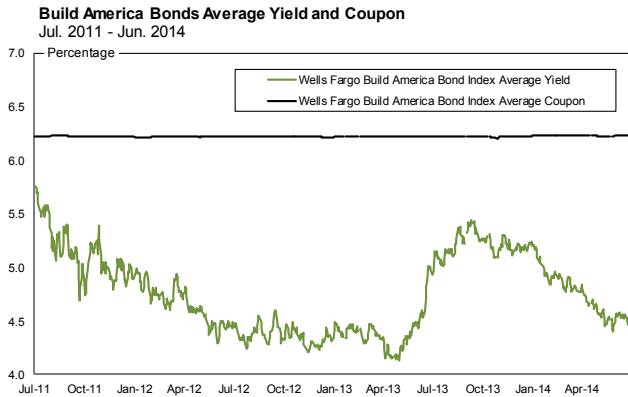


## LONG-TERM MUNICIPAL ISSUANCE BY GENERAL USE OF PROCEEDS

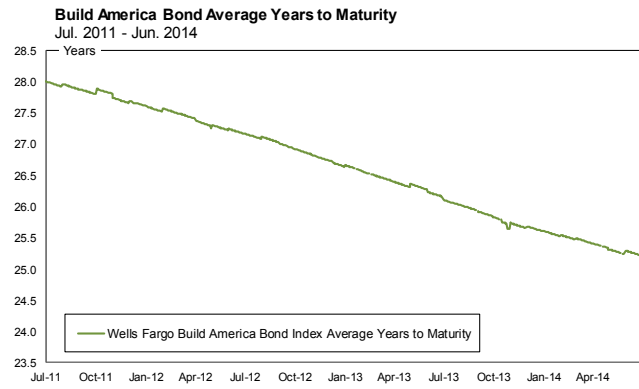
\$ Millions

Use of Proceeds	2Q'13	1Q'14	2Q'14	Q-o-Q	Y-o-Y
Agriculture			4.7		
Airports	1,588.6	2,064.7	2,617.6	26.8%	64.8%
Assisted Living	164.8		73.0		-55.7%
Bridges	531.3	350.0	408.7	16.8%	-23.1%
Childrens hospital		164.6	236.7	43.8%	
Civic & convention centers	730.3	74.0	261.0	252.7%	-64.3%
Combined utilities	656.0	61.6	507.7	724.2%	-22.6%
Cont Care Retirement Community	516.1	360.3	695.2	93.0%	34.7%
Correctional facilities	278.5	1,137.9	477.2	-58.1%	71.3%
Economic development	2,696.0	2,514.9	2,420.4	-3.8%	-10.2%
Fire stations & equipment	99.6	11.8	38.5	226.3%	-61.3%
Flood control	251.3	12.7	347.6	2637.0%	38.3%
Gas	111.1	2.1	103.4	4823.8%	-6.9%
General acute care hospital	4,877.8	1,936.0	3,852.9	99.0%	-21.0%
General Medical	177.4	100.0	188.0	88.0%	6.0%
General purpose /public improvement	20,724.3	19,070.2	19,157.2	0.5%	-7.6%
Government buildings	541.0	97.5	455.7	367.4%	-15.8%
Higher education	8,462.3	4,626.6	6,722.9	45.3%	-20.6%
Industrial development	1,249.8	2.3	124.3	5304.3%	-90.1%
Libraries & museums	220.4	23.6	280.1	1086.9%	27.1%
Mass transportation	4,290.5	1,499.4	4,914.2	227.7%	14.5%
Multi family housing	1,182.9	257.5	1,563.5	507.2%	32.2%
Nursing homes	32.2	2.9	4.8	65.5%	-85.1%
Office buildings	87.4				-100.0%
Other education	129.6	50.6	155.7	207.7%	20.1%
Other recreation	156.9	395.2	163.3	-58.7%	4.1%
Parking facilities	93.0	66.5	30.6	-54.0%	-67.1%
Parks, Zoos & Beaches	124.2	212.5	394.6	85.7%	217.7%
Police stations & equipment	17.9	63.6	183.7	188.8%	926.3%
Pollution control	753.3	71.7	536.2	647.8%	-28.8%
Primary & secondary education	16,518.7	10,503.1	17,123.4	63.0%	3.7%
Public power	2,791.5	925.4	2,844.3	207.4%	1.9%
Sanitation	97.5	71.3	457.2	541.2%	368.9%
Seaports /marine terminals	97.6	146.6	291.4	98.8%	198.6%
Single family housing	2,673.3	1,097.4	1,490.7	35.8%	-44.2%
Single speciality hospital	616.2	73.9	71.0	-3.9%	-88.5%
Solid waste	101.5	78.4	168.6	115.1%	66.1%
Stadiums & sports complexes	64.5	541.5		-100.0%	-100.0%
Student loans	2,404.1	243.2	558.4	129.6%	-76.8%
Telecommunications	59.3	22.9	3.9	-83.0%	-93.4%
Theatres			55.7		
Toll roads, highways & streets	3,948.7	5,424.5	6,678.9	23.1%	69.1%
Water & sewer facilities	8,797.9	5,719.3	6,725.7	17.6%	-23.6%
<b>ALL</b>	<b>88,915.3</b>	<b>60,078.2</b>	<b>83,388.6</b>	<b>38.8%</b>	<b>-6.2%</b>

**BUILD AMERICA BONDS**



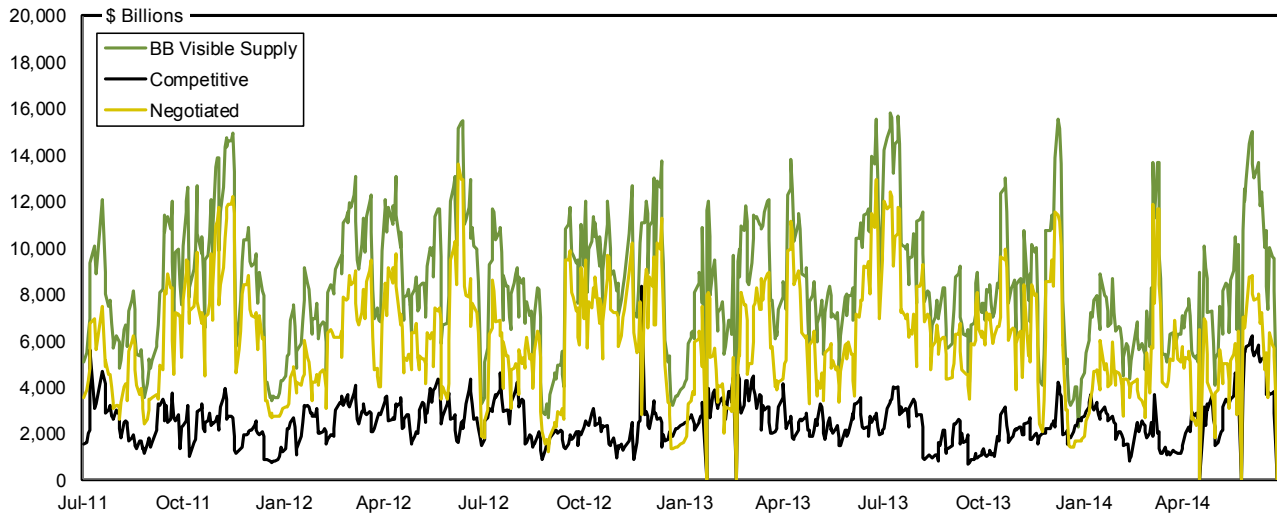
Source: Wells Fargo



Source: Wells Fargo

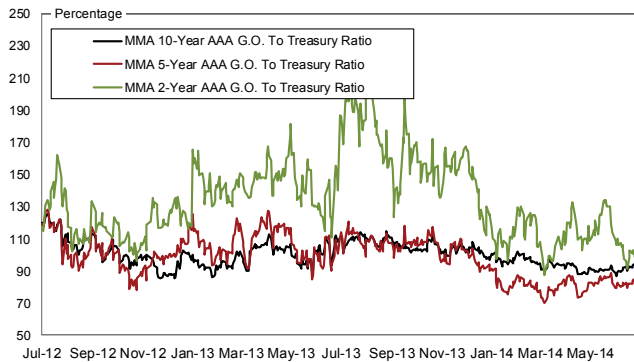
**SUPPLY, YIELD CURVES, TOTAL RETURN, SPREADS & RATIOS**

**Bond Buyer 30-Day Visible Supply**  
Jul. 1, 2011 - Jun. 30, 2014



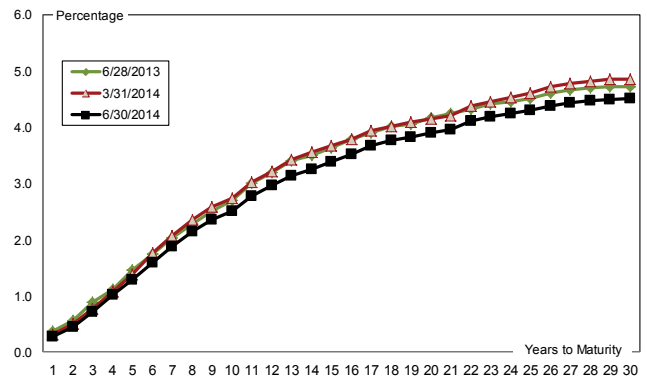
Source: Bond Buyer, Bloomberg

**2-, 5-, and 10-Year AAA G.O. to Treasury Ratios**  
Jul. 2012 - Jun. 2014

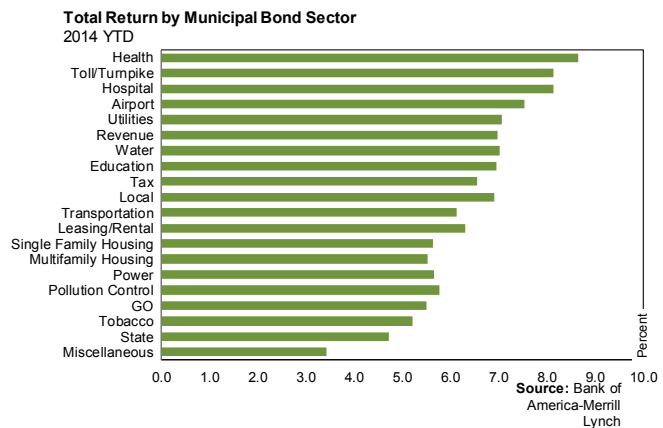
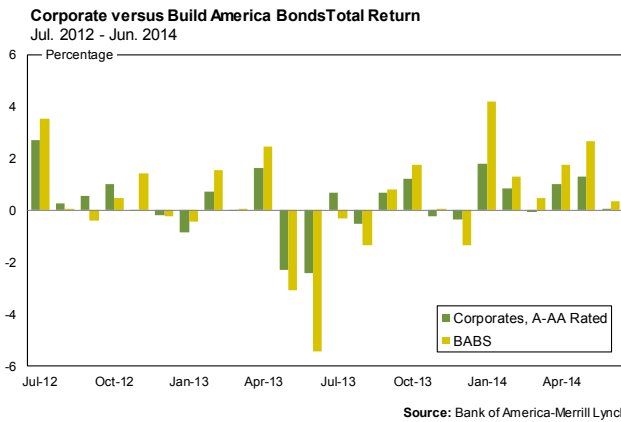
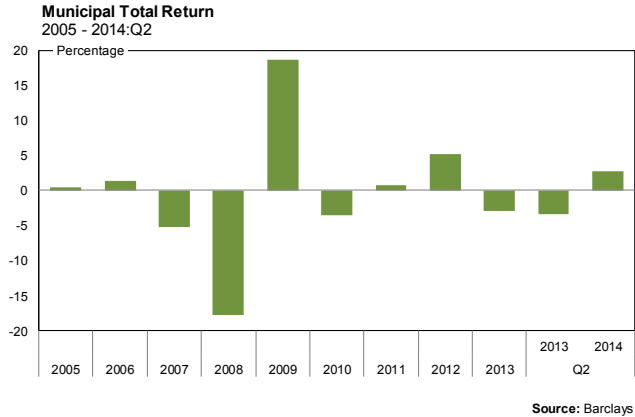
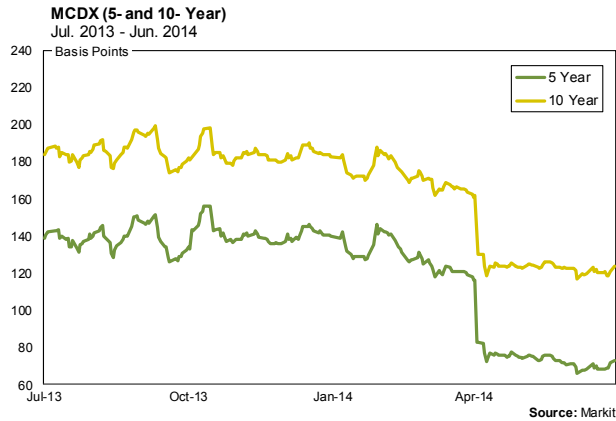


Source: Bloomberg

**MMA Yield Curves**



Source: MMA



**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	
2014:Q1	1,031,442	522,166	824,516	2,378,124	271,483	200,473	152,585	\$624,541	
2014:Q2	953,038	507,965	764,691	2,225,694	307,325	205,414	142,505	\$655,244	
%Change	-8%	-3%	-7%	-6%	13%	2%	-7%	5%	

# of Trades										
	# of Trades				All Trades	Par Amount (Millions)				
	0 - 100,000	100,001 - 500,000	500,001 - 1,000,000	1,000,000+		0 - 100,000	100,001 - 500,000	500,001 - 1,000,000	1,000,000+	All Trades
2014:Q1	83%	12%	2%	3%	2,378,124	10%	11%	7%	72%	\$624,541
2014:Q2	81%	13%	2%	4%	2,225,694	9%	11%	7%	74%	\$655,244

Trades by Sector								
	Education	Health	Utility	Various Purpose	Transportation	Tax-Revenue	Other	Total (Millions)
2014:Q1	18%	10%	12%	11%	10%	10%	29%	\$624,541
2014:Q2	19%	10%	13%	10%	9%	9%	30%	\$655,244

Trades by Maturity						
	5+ Years to 10		10+ Years to 20		20+ Years	Total (Millions)
	1 Year or Less	1+ Year to 5 Years	Years	Years		
2014:Q1	3%	9%	14%	30%	43%	\$624,541
2014:Q2	4%	11%	13%	30%	43%	\$655,244

Trades by Source of Repayment					
	Revenue	General Obligation	Double Barrel	Not Available	Total (Millions)
2014:Q1	71%	27%	2%	0%	\$624,541
2014:Q2	71%	26%	3%	0%	\$655,244

Trades by Coupon Type					
	Fixed Rate	Variable Rate	Zero Coupon	Not Available	Total (Millions)
2014:Q1	61%	33%	6%	0%	\$624,541
2014:Q2	59%	37%	4%	0%	\$655,244

Source: MSRB EMMA

MUNICIPAL CDS

Market Risk Activity of Single-Name Municipal CDS (\$ millions) <sup>7</sup>

State	California	Florida	Illinois	Michigan	New Jersey	New York	Ohio	Texas	New York City	Massachusetts	TOTAL	Average Contract Size
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
Apr-14	159.0		60.5		24.0				40.0	15.0	298.5	7.7
May-14	777.5		434.0		977.5	620.5			321.5		3,131.0	16.3
Jun-14	699.5	598.5	26.0	108.5	16.0		164.0	163.0	610.0	44.0	2,429.5	12.4
<b>2Q'14</b>	<b>1,636.0</b>	<b>598.5</b>	<b>520.5</b>	<b>108.5</b>	<b>1,017.5</b>	<b>620.5</b>	<b>164.0</b>	<b>163.0</b>	<b>971.5</b>	<b>59.0</b>	<b>5,859.0</b>	<b>13.7</b>
Q-o-Q	509.3%	77.1%	32.9%	1708.3%	839.5%	434.6%		1375.1%	1258.7%		346.9%	
Y-o-Y	106.4%	755.0%	-17.5%	9.6%	4036.2%			290.0%	1843.0%	-1.7%	231.2%	

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
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	62.0	50.0	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
<b>6/30/2014</b>	<b>160.0</b>	<b>46.7</b>	<b>82.0</b>	<b>40.0</b>	<b>84.0</b>	<b>98.0</b>	<b>55.0</b>	<b>45.0</b>	<b>35.0</b>	<b>36.0</b>	<b>37.0</b>	<b>30.0</b>	<b>30.0</b>	<b>28.0</b>	<b>27.0</b>	<b>29.3</b>	<b>30.0</b>
Q-o-Q	13.5%	-16.6%	-5.7%	-13.0%	33.3%	139.0%	-6.8%	0.0%	2.9%	2.9%	0.0%	3.4%	3.4%	-3.4%	-29.5%	10.2%	0.0%
Y-o-Y	-3.0%	-57.5%	0.0%	-43.7%	25.4%	34.2%	-22.5%	-13.5%	-25.5%	-16.3%	-26.0%	-31.8%	-21.1%	-22.2%	-35.7%	-19.7%	-28.6%

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
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
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
<b>6/30/2014</b>	<b>214.0</b>	<b>91.5</b>	<b>135.0</b>	<b>85.0</b>	<b>135.0</b>	<b>98.0</b>	<b>100.0</b>	<b>91.0</b>	<b>77.0</b>	<b>76.0</b>	<b>86.0</b>	<b>53.0</b>	<b>59.0</b>	<b>57.0</b>	<b>56.0</b>	<b>58.5</b>	<b>59.0</b>
Q-o-Q	12.0%	-13.7%	3.8%	-8.6%	22.7%	8.9%	-2.0%	-2.2%	2.7%	2.7%	3.6%	-15.9%	1.7%	1.8%	1.8%	7.0%	3.5%
Y-o-Y	-1.4%	-42.8%	10.7%	-18.3%	17.4%	-1.0%	-16.0%	-9.0%	-14.4%	-11.6%	-9.5%	-32.1%	-20.3%	-17.4%	-20.0%	-12.1%	-14.5%

Source: CMA Datavision

<sup>7</sup> "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 Type<sup>8</sup>

\$ Millions

State	Total Outstanding	G.O.	Revenue	Due in 13 Months	Long-Term	2014:Q1 Total Outstanding	% Change
AK Alaska	10,449.4	2,724.7	7,724.7	775.5	9,674.0	10,715.0	-2.5%
AL Alabama	32,623.0	6,031.9	26,591.1	1,110.6	31,512.4	33,143.9	-1.6%
AR Arkansas	13,210.3	5,581.9	7,628.4	662.5	12,547.8	13,187.9	0.2%
AZ Arizona	52,918.7	10,874.7	42,044.0	3,910.1	49,008.6	52,509.5	0.8%
CA California	537,122.6	198,578.5	338,544.1	21,763.5	515,359.1	541,121.0	-0.7%
CO Colorado	54,730.3	12,017.3	42,713.0	1,985.7	52,744.6	55,454.7	-1.3%
CT Connecticut	43,661.8	23,883.1	19,778.6	3,694.2	39,967.5	43,591.9	0.2%
DC District of Columbia	29,051.8	2,715.9	26,335.9	1,048.8	28,003.0	28,866.3	0.6%
DE Delaware	7,440.1	2,567.3	4,872.8	567.5	6,872.6	7,484.3	-0.6%
FL Florida	146,082.3	16,349.0	129,733.3	7,152.2	138,930.1	147,702.9	-1.1%
GA Georgia	69,210.4	16,554.9	52,655.5	3,724.1	65,486.3	69,019.3	0.3%
GU Guam	2,461.5	409.0	2,052.6	29.7	2,431.8	2,462.8	-0.1%
HI Hawaii	15,516.5	9,502.7	6,013.8	1,085.4	14,431.2	15,593.8	-0.5%
IA Iowa	20,587.7	5,888.5	14,699.2	1,236.2	19,351.5	20,910.9	-1.5%
ID Idaho	6,423.0	1,749.1	4,673.9	808.5	5,614.4	9,719.4	-33.9%
IL Illinois	158,181.3	80,646.2	77,535.1	6,734.9	151,446.4	156,055.8	1.4%
IN Indiana	51,061.7	1,092.3	49,969.4	3,188.4	47,873.3	51,236.7	-0.3%
KS Kansas	22,029.0	9,935.9	12,093.1	1,932.0	20,096.9	21,685.5	1.6%
KY Kentucky	34,429.8	1,593.3	32,836.5	1,894.1	32,535.7	34,511.1	-0.2%
LA Louisiana	34,289.0	6,894.1	27,394.9	1,334.5	32,954.5	34,139.4	0.4%
MA Massachusetts	93,351.5	32,783.0	60,568.5	6,018.1	87,333.5	93,850.0	-0.5%
MD Maryland	48,542.6	23,768.5	24,774.1	2,983.2	45,559.3	48,367.9	0.4%
ME Maine	7,770.8	1,757.0	6,013.8	552.8	7,218.0	7,697.0	1.0%
MI Michigan	76,150.9	24,377.2	51,773.7	3,646.6	72,504.3	76,661.1	-0.7%
MN Minnesota	48,218.1	23,591.6	24,626.5	3,259.1	44,958.9	47,743.5	1.0%
MO Missouri	46,651.7	9,325.6	37,326.2	1,872.1	44,779.6	46,669.0	0.0%
MS Mississippi	18,021.1	6,338.6	11,682.5	851.2	17,169.9	18,024.6	0.0%
MT Montana	10,887.4	7,859.5	3,027.9	817.4	10,070.0	11,080.8	-1.7%
NC North Carolina	51,924.9	12,421.0	39,503.9	2,554.3	49,370.6	52,540.7	-1.2%
ND North Dakota	4,512.6	1,374.1	3,138.5	263.9	4,248.7	4,308.3	4.7%
NE Nebraska	17,774.2	5,052.3	12,721.8	851.1	16,923.0	17,496.2	1.6%
NH New Hampshire	9,148.0	2,330.2	6,817.8	465.7	8,682.2	9,162.6	-0.2%
NJ New Jersey	116,385.0	24,069.7	92,315.3	8,914.0	107,471.0	117,601.7	-1.0%
NM New Mexico	14,169.4	3,461.0	10,708.4	1,095.3	13,074.1	13,979.3	1.4%
NV Nevada	26,248.8	12,992.3	13,256.4	1,599.9	24,648.8	26,559.8	-1.2%
NY New York	371,792.6	78,834.4	292,958.2	19,667.1	352,125.5	370,668.1	0.3%
OH Ohio	104,805.3	29,821.4	74,983.9	5,137.9	99,667.4	104,605.3	0.2%
OK Oklahoma	19,024.1	3,759.5	15,264.7	1,762.3	17,261.9	19,484.2	-2.4%
OR Oregon	35,333.5	19,314.9	16,018.6	2,866.5	32,467.0	35,253.1	0.2%
OT Other Territories	9,179.8	25.0	9,154.8	63.2	9,116.5	9,187.9	-0.1%
PA Pennsylvania	128,813.9	44,152.4	84,661.5	7,308.4	121,505.5	128,869.8	0.0%
PR Puerto Rico	106,126.1	13,941.9	92,184.2	2,498.2	103,627.8	107,103.3	-0.9%
RI Rhode Island	12,867.1	1,884.1	10,983.0	497.0	12,370.1	13,003.3	-1.0%
SC South Carolina	36,274.4	8,578.2	27,696.3	2,196.3	34,078.2	36,631.7	-1.0%
SD South Dakota	6,736.1	3,030.4	3,705.8	392.5	6,343.7	6,761.7	-0.4%
TN Tennessee	37,545.9	13,490.5	24,055.4	2,294.7	35,251.2	38,030.5	-1.3%
TT Trust Territories	270.8	88.7	182.1	-	270.8	273.5	-1.0%
TX Texas	307,876.4	145,983.8	161,892.6	17,800.6	290,075.7	304,110.6	1.2%
UT Utah	21,333.3	6,758.5	14,574.9	1,493.4	19,839.9	21,261.1	0.3%
VA Virginia	60,197.3	13,263.8	46,933.5	3,300.5	56,896.8	60,377.0	-0.3%
VI Virgin Islands	2,322.5	-	2,322.5	63.5	2,258.9	2,324.1	-0.1%
VT Vermont	5,450.9	662.1	4,788.8	152.5	5,298.4	5,540.5	-1.6%
WA Washington	79,718.3	38,996.0	40,722.4	4,761.5	74,956.9	77,992.0	2.2%
WI Wisconsin	43,140.1	20,608.4	22,531.7	3,284.3	39,855.8	43,711.9	-1.3%
WV West Virginia	11,276.0	858.9	10,417.1	1,062.2	10,213.8	11,161.6	1.0%
WY Wyoming	3,040.6	164.6	2,876.0	368.2	2,672.4	3,070.8	-1.0%
TOTAL (6/30/2014)	3,334,362.1	1,051,309.2	2,283,052.9	177,354.3	3,157,007.8	3,340,276.5	-0.2%
TOTAL (3/31/2014)	3,340,276.5	1,041,159.7	2,299,116.9	176,705.3	3,163,571.2		
% Change	-0.2%	1.0%	-0.7%	0.4%	-0.2%		

<sup>8</sup> 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 preredempted) debt and derivatives. See additional tables for preredempted and derivatives debt. The chart replaces "Outstanding by Insurance" from prior municipal reports. For comparability against Federal Reserve's Flow of Funds, aggregate preredempted 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, Industry<sup>9</sup>

\$ Millions

State	Total Outstanding	Tax-Exempt	AMT	Taxable	Fixed	Zero	FRN	Other	Industry	Total Outstanding
AK Alaska	10,449.4	8,604.1	678.2	1,167.2	8,034.5	166.2	194.7	2,054.0	Airport	86,139.3
AL Alabama	32,623.0	25,234.2	1,243.4	6,145.4	23,727.8	867.3	293.6	7,734.3	Development	117,172.6
AR Arkansas	13,210.3	7,934.8	394.5	4,881.1	11,850.5	368.7	428.2	563.0	Education	686,303.8
AZ Arizona	52,918.7	45,635.8	1,561.1	5,721.8	47,475.1	36.4	673.6	4,733.6	GO	653,741.2
CA California	537,122.6	422,436.1	19,401.4	95,285.1	382,697.6	75,904.3	10,675.0	67,845.7	Healthcare	261,538.9
CO Colorado	54,730.3	40,018.2	3,366.0	11,346.1	43,645.9	3,377.6	724.5	6,982.4	Housing	137,305.2
CT Connecticut	43,661.8	32,938.3	1,349.8	9,373.7	36,473.1	457.2	2,000.7	4,730.8	Other	659,083.1
DC District of Columbia	29,051.8	22,497.2	3,454.6	3,099.9	18,945.5	5,636.3	358.1	4,111.9	Public Facilities	15,017.8
DE Delaware	7,440.1	5,425.9	485.8	1,528.3	5,727.2	80.4	-	1,632.4	Student Loan	40,616.2
FL Florida	146,082.3	121,660.6	11,957.1	12,464.5	121,582.7	3,333.2	2,326.0	18,840.4	Transportation	235,016.2
GA Georgia	69,210.4	54,833.8	3,726.3	10,650.3	55,124.1	154.5	585.7	13,346.2	Utilities	442,427.7
GU Guam	2,461.5	2,203.2	203.6	54.7	2,346.1	115.5	-	-	TOTAL	3,334,362.1
HI Hawaii	15,516.5	12,473.5	1,152.9	1,890.2	14,900.0	44.7	-	571.8		
IA Iowa	20,587.7	13,058.8	650.5	6,878.3	17,635.0	556.4	11.5	2,384.7		
ID Idaho	6,423.0	4,566.1	575.0	1,281.8	5,143.5	108.0	434.4	737.1		
IL Illinois	158,181.3	102,649.1	7,082.4	48,449.8	124,809.9	15,890.6	1,365.3	16,115.5		
IN Indiana	51,061.7	36,124.8	3,733.7	11,203.1	37,809.6	1,122.5	541.9	11,587.7		
KS Kansas	22,029.0	14,436.7	547.3	7,044.9	20,278.9	231.7	135.8	1,382.6		
KY Kentucky	34,429.8	22,054.8	2,425.1	9,949.9	26,896.0	520.7	1,484.7	5,528.5		
LA Louisiana	34,289.0	27,355.2	1,380.4	5,553.4	27,039.3	473.3	1,587.4	5,189.1		
MA Massachusetts	93,351.5	77,250.5	4,106.3	11,994.7	75,925.5	1,162.9	3,077.1	13,186.0		
MD Maryland	48,542.6	39,828.9	2,149.1	6,564.5	41,899.1	147.8	499.3	5,996.4		
ME Maine	7,770.8	5,515.1	762.4	1,493.3	6,919.8	-	15.0	835.9		
MI Michigan	76,150.9	56,867.3	3,911.8	15,371.8	54,427.6	8,004.2	2,071.5	11,647.6		
MN Minnesota	48,218.1	33,573.3	2,344.6	12,300.2	41,101.9	797.7	740.8	5,577.7		
MO Missouri	46,651.7	30,880.5	1,352.1	14,419.2	34,285.4	912.9	3,271.1	8,182.4		
MS Mississippi	18,021.1	11,422.0	854.1	5,745.0	12,124.5	3.0	200.9	5,692.6		
MT Montana	10,887.4	2,363.4	362.5	8,161.6	3,042.9	10.2	345.9	7,488.4		
NC North Carolina	51,924.9	44,528.1	1,527.1	5,869.7	40,634.2	233.8	2,604.5	8,452.3		
ND North Dakota	4,512.6	2,942.8	365.3	1,204.5	4,070.9	-	-	441.7		
NE Nebraska	17,774.2	12,470.0	422.9	4,881.3	15,846.2	3.4	253.2	1,671.4		
NH New Hampshire	9,148.0	6,119.6	769.1	2,259.3	6,485.7	95.9	762.2	1,804.2		
NJ New Jersey	116,385.0	84,693.9	7,117.2	24,573.9	90,706.1	14,965.6	2,176.6	8,536.8		
NM New Mexico	14,169.4	11,424.3	626.0	2,119.2	11,508.0	5.1	679.6	1,976.7		
NV Nevada	26,248.8	20,720.5	2,186.0	3,342.2	21,724.2	949.1	-	3,575.5		
NY New York	371,792.6	299,739.9	20,719.8	51,332.9	295,928.9	15,808.6	3,688.8	56,366.3		
OH Ohio	104,805.3	74,662.5	3,106.2	27,036.6	75,766.7	8,812.1	149.4	20,077.1		
OK Oklahoma	19,024.1	13,536.9	1,143.2	4,344.0	16,612.1	114.1	841.9	1,455.9		
OR Oregon	35,333.5	22,697.5	1,399.1	11,236.9	29,496.4	3,047.4	178.3	2,611.4		
OT Other Territories	9,179.8	2,091.6	7,019.6	68.7	842.4	-	-	8,337.4		
PA Pennsylvania	128,813.9	93,481.6	5,833.5	29,498.8	95,957.3	7,466.1	5,292.3	20,098.2		
PR Puerto Rico	106,126.1	86,142.8	456.4	19,526.9	60,535.8	37,436.8	2,112.0	6,041.5		
RI Rhode Island	12,867.1	10,205.5	1,258.1	1,403.5	8,551.4	2,858.8	444.8	1,012.1		
SC South Carolina	36,274.4	29,295.8	981.3	5,997.3	28,434.2	2,857.3	2,379.6	2,603.3		
SD South Dakota	6,736.1	2,698.7	486.2	3,551.3	3,897.8	13.5	-	2,824.8		
TN Tennessee	37,545.9	28,438.2	1,474.4	7,633.2	30,253.9	764.7	645.5	5,881.8		
TT Trust Territories	270.8	228.7	42.1	-	130.8	-	-	140.0		
TX Texas	307,876.4	234,052.7	15,991.4	57,832.3	242,380.1	19,423.0	11,622.2	34,451.0		
UT Utah	21,333.3	14,341.6	492.1	6,499.7	16,208.9	430.2	1,459.5	3,234.7		
VA Virginia	60,197.3	47,047.8	3,210.6	9,939.0	52,510.7	2,066.9	491.4	5,128.4		
VI Virgin Islands	2,322.5	2,185.4	18.0	119.1	2,274.3	48.1	-	-		
VT Vermont	5,450.9	2,857.0	895.9	1,698.1	2,896.1	-	1,284.0	1,270.8		
WA Washington	79,718.3	61,170.7	3,998.2	14,549.4	72,219.0	2,405.9	200.0	4,893.4		
WI Wisconsin	43,140.1	28,093.0	1,675.7	13,371.4	37,041.7	437.9	805.3	4,855.1		
WV West Virginia	11,276.0	5,920.8	878.2	4,477.0	6,590.4	2,795.1	50.0	1,840.5		
WY Wyoming	3,040.6	1,907.3	806.0	327.3	1,792.0	1.0	-	1,247.6		
TOTAL (6/30/2014)	3,334,362.1	2,523,537.4	166,111.7	644,713.0	2,573,165.0	243,524.7	72,163.6	445,508.7		
TOTAL (3/31/2014)	3,340,276.5	2,522,665.0	168,159.9	649,451.6	2,531,769.0	243,867.9	71,412.6	764,639.6		
% Change	-0.2%	0.0%	-1.2%	-0.7%	10.4%	-0.1%	1.1%	-41.7%		

<sup>9</sup> 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.

Addendum Tables –Build America Bonds, Variable Rate Debt Obligations Prerefunded, Derivatives, and Rating<sup>10</sup>

\$ Millions

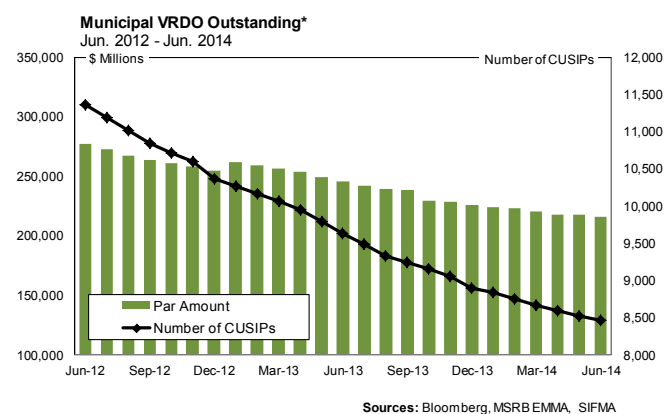
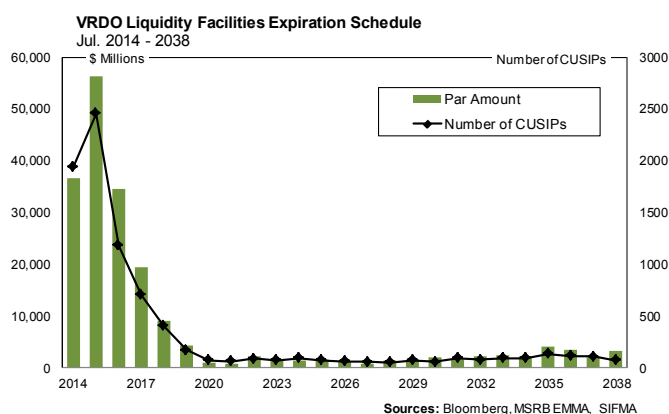
State	Total Outstanding	BAB Only	VRDO Prerefunded Only	Derivatives Only	AAA	AA	A	BBB	HY	NonRated	
AK Alaska	10,449.4	357.7	1,666.4	157.7	276.5	1,405.1	5,594.4	2,196.7	109.8	478.4	665.1
AL Alabama	32,623.0	597.2	2,626.8	2,078.6	816.7	868.3	14,053.0	8,204.3	1,702.1	2,109.3	5,685.9
AR Arkansas	13,210.3	33.3	362.2	446.9	73.9	480.7	7,621.2	2,059.8	512.5	26.8	2,509.4
AZ Arizona	52,918.7	1,985.6	2,086.9	2,788.0	1,668.3	3,166.8	27,477.6	13,457.3	4,431.8	701.8	3,683.4
CA California	537,122.6	37,494.0	27,795.7	17,289.9	20,001.4	6,438.2	217,643.7	209,120.9	21,306.1	21,445.4	61,168.3
CO Colorado	54,730.3	4,057.0	4,658.0	4,985.6	2,182.8	3,281.3	25,761.7	14,048.7	5,944.8	340.8	5,353.1
CT Connecticut	43,661.8	1,898.5	2,837.8	1,621.1	783.1	8,389.9	25,806.3	6,329.9	550.6	211.5	2,373.6
DC District of Columbia	29,051.8	1,906.2	1,585.1	1,095.8	1,581.7	328.2	10,571.6	9,277.3	2,967.5	3,391.9	2,515.4
DE Delaware	7,440.1	519.3	586.9	514.5	202.1	2,409.4	3,029.6	1,085.6	433.2	75.0	407.3
FL Florida	146,082.3	5,529.6	7,203.1	3,986.7	7,364.4	3,175.0	58,865.9	61,343.7	4,934.6	865.6	16,897.5
GA Georgia	69,210.4	3,697.4	5,363.8	3,339.0	1,388.6	15,135.6	19,607.6	22,887.5	2,799.7	350.6	8,429.5
GU Guam	2,461.5	-	-	-	-	-	-	463.5	957.2	615.1	425.8
HI Hawaii	15,516.5	1,264.2	95.5	1,229.4	544.9	19.8	12,039.0	2,398.5	544.7	109.3	405.2
IA Iowa	20,587.7	656.7	2,067.2	274.6	143.4	1,683.5	7,914.9	5,597.7	249.3	2,337.7	2,804.6
ID Idaho	6,423.0	152.7	398.3	414.8	70.0	658.1	2,214.8	2,121.2	172.8	121.1	1,135.0
IL Illinois	158,181.3	10,382.2	11,087.4	5,325.7	6,144.1	5,450.5	47,054.6	79,571.4	17,491.3	806.5	7,807.0
IN Indiana	51,061.7	1,956.6	4,296.6	2,393.8	1,921.4	2,555.9	21,565.2	16,653.8	2,673.7	385.8	7,227.3
KS Kansas	22,029.0	1,557.9	955.2	1,395.6	200.1	1,630.8	11,943.7	5,473.5	161.6	130.6	2,688.7
KY Kentucky	34,429.8	2,501.8	2,590.1	1,273.2	439.2	1,966.6	14,467.1	13,729.5	2,221.6	104.8	1,940.2
LA Louisiana	34,289.0	650.7	4,031.8	2,289.2	503.7	2,693.2	13,477.7	10,367.6	5,555.4	198.4	1,996.7
MA Massachusetts	93,351.5	4,833.4	7,186.3	7,174.6	4,701.9	13,676.8	60,411.8	11,455.9	2,197.5	356.1	5,253.3
MD Maryland	48,542.6	3,400.1	2,863.3	3,257.8	587.0	19,404.2	17,819.2	5,480.6	1,582.2	502.0	3,754.3
ME Maine	7,770.8	88.1	602.0	334.2	133.9	105.7	4,351.3	2,698.7	193.8	69.9	351.5
MI Michigan	76,150.9	2,477.1	5,018.8	1,599.7	2,414.9	7,250.7	32,629.9	15,274.6	893.6	10,744.4	9,357.6
MN Minnesota	48,218.1	1,281.9	3,028.0	1,231.6	724.4	5,963.2	29,968.3	6,507.4	922.0	245.2	4,611.9
MO Missouri	46,651.7	2,911.1	2,829.4	2,264.3	962.0	4,370.8	21,858.8	11,545.3	1,979.1	76.5	6,821.1
MS Mississippi	18,021.1	764.9	3,545.9	857.8	182.7	476.4	10,994.3	2,251.1	1,534.1	55.6	2,709.5
MT Montana	10,887.4	29.2	226.9	169.1	12.2	-	2,183.6	1,302.6	28.9	30.0	7,342.3
NC North Carolina	51,924.9	1,632.4	5,289.9	3,889.9	1,352.3	13,444.2	23,954.8	9,597.5	2,676.0	49.7	2,202.7
ND North Dakota	4,512.6	58.1	318.2	63.6	15.6	178.8	2,476.6	948.3	462.3	-	446.7
NE Nebraska	17,774.2	981.0	1,535.1	595.9	556.7	395.3	8,418.7	3,920.9	1,910.3	38.6	3,090.4
NH New Hampshire	9,148.0	354.9	1,292.6	304.7	222.1	278.7	5,507.6	2,242.4	581.5	134.2	403.6
NJ New Jersey	116,385.0	6,586.2	4,540.2	7,223.1	4,083.6	7,392.4	24,099.6	68,518.8	6,167.6	4,265.6	5,941.0
NM New Mexico	14,169.4	260.4	1,316.8	419.7	412.2	1,236.0	10,658.8	1,066.2	673.7	77.7	457.0
NV Nevada	26,248.8	2,508.6	2,214.3	1,492.1	1,283.4	239.8	14,075.4	8,339.8	394.3	283.2	2,916.2
NY New York	371,792.6	20,605.1	38,749.0	9,656.8	11,993.3	20,450.2	234,019.4	69,253.9	11,914.8	8,867.1	27,287.2
OH Ohio	104,805.3	7,492.5	7,346.8	4,795.5	2,133.3	8,107.8	43,466.5	23,961.4	4,801.8	12,504.8	11,963.0
OK Oklahoma	19,024.1	729.4	546.9	525.6	442.5	2,199.9	8,606.6	4,896.5	619.5	82.4	2,619.3
OR Oregon	35,333.5	971.0	1,641.2	2,079.2	191.7	857.2	25,494.9	6,144.3	616.8	49.2	2,171.2
OT Other Territories	9,179.8	-	-	-	6,305.5	808.9	6,940.4	66.8	370.2	-	993.4
PA Pennsylvania	128,813.9	4,964.4	10,126.3	4,447.9	4,488.5	2,528.9	52,129.1	54,862.1	9,690.2	1,948.6	7,655.1
PR Puerto Rico	106,126.1	1,013.0	15.2	1,574.4	2,730.0	181.1	185.7	8,959.8	32,639.3	53,030.4	11,129.7
RI Rhode Island	12,867.1	-	680.5	432.1	233.9	869.2	4,673.5	2,751.5	934.4	2,878.6	759.8
SC South Carolina	36,274.4	1,050.2	1,011.7	2,373.8	843.2	1,006.1	14,824.3	13,961.6	1,648.3	335.8	4,498.4
SD South Dakota	6,736.1	323.4	553.3	116.7	45.0	198.4	2,633.6	1,399.7	27.8	-	2,476.7
TN Tennessee	37,545.9	1,812.7	3,348.0	2,314.3	592.6	1,525.8	22,099.6	6,796.6	4,177.8	-	2,946.0
TT Trust Territories	270.8	-	-	-	-	-	-	-	-	42.1	228.7
TX Texas	307,876.4	16,554.0	15,090.1	19,389.6	8,992.3	104,906.8	100,613.6	50,920.5	19,211.9	2,322.4	29,901.1
UT Utah	21,333.3	2,888.3	1,748.0	1,102.4	821.4	8,074.1	8,868.2	2,780.4	116.9	89.0	1,404.7
VA Virginia	60,197.3	3,800.5	2,723.2	5,056.3	1,096.0	15,213.0	32,677.9	4,110.6	2,752.9	2,087.6	3,355.3
VI Virgin Islands	2,322.5	37.3	-	78.0	0.5	-	-	78.4	1,933.6	144.4	166.0
VT Vermont	5,450.9	126.3	385.2	111.3	16.4	44.9	3,166.6	792.6	417.7	763.8	265.3
WA Washington	79,718.3	6,075.8	2,821.8	7,008.4	2,459.9	1,539.5	63,728.4	10,548.3	1,143.7	74.3	2,684.2
WI Wisconsin	43,140.1	1,834.5	2,918.9	2,292.9	1,100.7	1,670.1	28,188.4	8,207.1	1,111.2	105.2	3,858.0
WV West Virginia	11,276.0	88.2	986.2	266.7	49.7	386.9	1,918.2	3,760.3	803.1	2,588.7	1,818.8
WY Wyoming	3,040.6	135.1	1,096.4	35.5	19.6	311.6	1,326.9	1,144.5	195.5	-	62.1
TOTAL (6/30/2014)	3,334,362.1	175,867.8	215,891.4	147,435.5	108,506.8	307,030.3	1,471,680.2	912,934.9	193,044.7	139,649.6	310,022.3
TOTAL (3/31/2014)	3,340,276.5	176,605.8	220,461.9	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
% Change	-0.2%	-0.4%	-2.1%	-3.8%	-2.2%	0.2%	0.2%	7.8%	-25.0%	4.9%	-5.1%

<sup>10</sup> 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.

VARIABLE-RATE DEMAND OBLIGATIONS

Liquidity Facility Expiration Schedule, Jul. 2014 - 2028<sup>11</sup>  
As of June 30, 2014

By Type of Provider (\$ Millions)	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
<b>Bank</b>	3,288.9	5,145.8	5,534.2	4,353.5	5,002.7	9,534.7	4,209.8	2,572.2	5,052.8	4,262.4	4,319.2	6,077.5
<b>Corporate/Other</b>	55.2	259.3	1.0	19.3	487.7	257.8	362.4		131.5	96.7	9.8	73.6
<b>US Agency</b>	118.1	178.6	136.5	115.0	240.5	173.3	96.8	33.4	593.9	243.4	181.2	309.7
By Number of Facilities												
<b># CUSIPs</b>	238	313	284	270	289	485	210	130	264	216	241	287
By Type of Provider (\$ Millions)	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
<b>Bank</b>	3,403.3	3,509.3	2,945.5	5,372.3	3,951.1	4,189.0	1,204.0	2,126.7	2,946.3	2,526.8	2,585.8	2,850.1
<b>Corporate/Other</b>	141.8	144.6	108.9	225.0	81.1	185.0	82.8	62.9			164.2	10.9
<b>US Agency</b>	243.1	93.2	355.4	34.4	149.5	2,520.6	25.4	171.8	204.0	104.0	148.1	229.9
By Number of Facilities												
<b># CUSIPs</b>	180	154	146	147	159	320	81	71	89	91	95	125
By Type of Provider (\$ Millions)	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
<b>Bank</b>	2,081.9	3,654.4	2,173.3	2,471.5	3,765.0	3,809.4	1,779.9	2,001.6	2,301.9	2,252.7	2,410.3	2,241.5
<b>Corporate/Other</b>		445.8	29.5		175.0	57.8		35.0	32.4	19.5	5.2	
<b>US Agency</b>	58.5	47.7	6.5		101.0	159.7		28.3		75.1	19.7	87.1
By Number of Facilities												
<b># CUSIPs</b>	87	116	83	82	117	145	53	75	64	61	87	82
By Type of Provider (\$ Millions)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Bank</b>	18,389.5	7,964.1	3,743.9	411.1	283.8	968.4	226.7	268.9	246.0	14.1	23.4	15.2
<b>Corporate/Other</b>	254.0	258.8	45.5	398.2	315.4	658.6	723.2	693.5	795.6	511.0	456.9	682.8
<b>US Agency</b>	792.7	767.7	561.7	192.6	233.2	651.3	465.8	457.5	464.8	587.9	314.2	582.5
By Number of Facilities												
<b># CUSIPs</b>	702	401	170	71	61	86	74	93	71	61	54	53



<sup>11</sup> For more detailed breakouts of VRDO data, please refer to the Variable Rate Demand Obligations June 2014 update at [sifma.org](http://sifma.org).



## 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.<sup>12</sup>

**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 Ratings**<sup>13</sup>

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

<sup>12</sup>Authors' own definition.

<sup>13</sup>Moody'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.<sup>14</sup>

### Standard and Poor's Ratings<sup>15</sup>

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

<sup>14</sup>The lowest rating is a "D" at both Moody's and Standard and Poor's.

<sup>15</sup>Standardandpoors.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."<sup>16</sup>

**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.

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<sup>16</sup>Authors' own definition.

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