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# **MUNICIPAL BOND CREDIT REPORT**

Third 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 \$71.8 billion in the third quarter of 2014, a decline of 13.6 percent from the prior quarter (\$83.2 billion) but an increase of 5.2 percent year-over-year (y-o-y) (\$68.3 billion). Year to date ending September, issuance figures reached \$215.4 billion, well below the 10-year average of \$277.3 billion. Including private placements<sup>1</sup> (\$2.1 billion), long-term municipal issuance for 3Q'14 was \$73.9 billion.

Tax-exempt issuance totaled \$64.7 billion in 3Q'14, a decline of 12.7 percent but an increase of 6.7 percent q-o-q and y-o-y, respectively. Taxable issuance totaled \$4.9 billion in 3Q'14, a decline of 20.8 percent and 10.9 percent, respectively, q-o-q and y-o-y. AMT issuance was \$2.2 billion, a decline of 22.6 percent q-o-q but an increase of 2.9 percent y-o-y.

By use of proceeds, general purpose led issuance totals in 3Q'14 (\$21.7 billion), followed by primary & secondary education (\$12.1 billion), and water & sewer facilities (\$8.7 billion), identical rankings as the prior quarter.

Refunding volumes as a percentage of issuance rose slightly from the prior quarter, with 58.2 percent of issuance refunded compared to 53.8 percent in 2Q'14.<sup>2</sup>

### Yields, Inflows, and Total Return

Ratios of 10-year tax-exempt AAA GOs and similar-maturity Treasuries fell in the third quarter, ending at 89.4 percent end-September from 93.6 percent end-June.

According to the Investment Company Institute (ICI), third quarter net flow into long-term municipal funds was positive, with \$7.5 billion of inflow, compared to \$6.7 billion of inflow from the prior quarter and \$28.6 billion of outflow y-o-y.

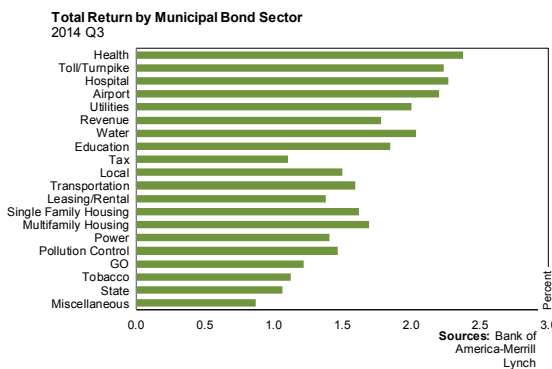
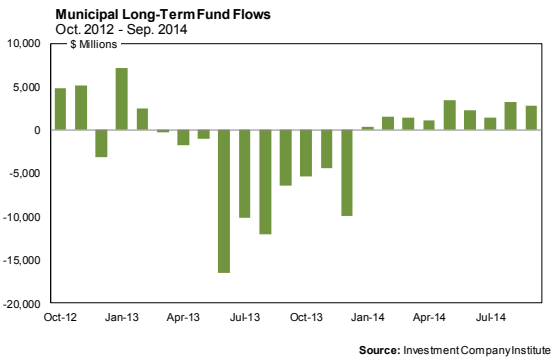
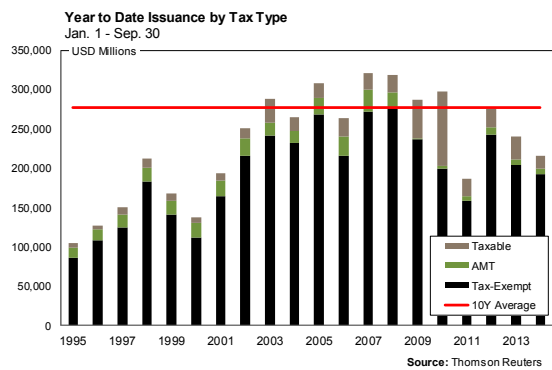
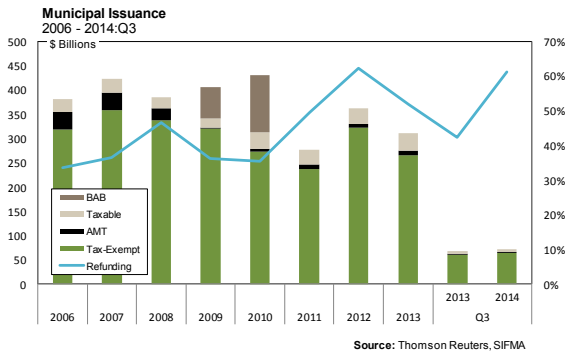
Tax-exempt money market funds reported a decline in assets in 3Q'14, reporting \$254.7 billion in assets under management at the end of September, a decrease of \$0.7 billion, or 0.3 percent of assets, from end-June 2014. Year-to-date, assets at tax-exempt money market funds have fallen by \$16.2 billion.

According to Bank of America-Merrill Lynch indices, municipals gained 1.6 percent in the third quarter of 2014 and 8.3 percent year to date. Build America Bonds (BABs) recovered similarly in the third quarter as well, posting a 1.4 percent gain in total return (12.6 percent year to date) compared to 1.6 percent from similarly-rated corporates.

### Trading Activity

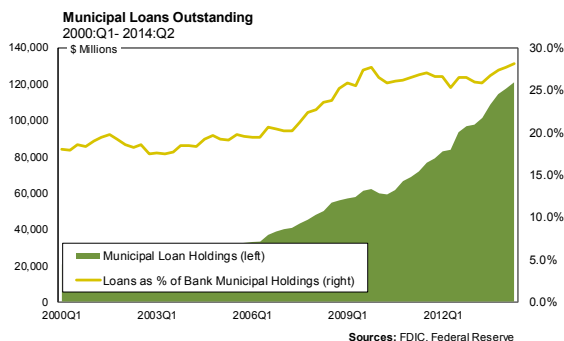
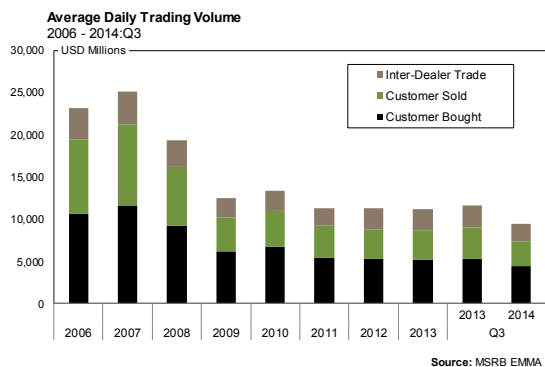
Trading activity declined q-o-q to \$9.5 billion daily in 3Q'14, a 9.1 percent decrease from 2Q'14 (\$10.4 billion) and a decline of 18.7 percent from 3Q'13 (\$11.6 billion). By number of trades, however, trading activity declined 3.9 percent but increased by 25.5 percent respectively, q-o-q and y-o-y.

Holdings of municipal bonds by broker-dealers rose slightly to \$18.2 billion in 2Q'14, an increase of 7.7 percent q-o-q (\$16.9 billion) but a decline of 4.2 percent



<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 38.0 percent of issuance in 3Q'14.



cent y-o-y (\$19.0 billion). Both bank holdings of municipal loans and bonds rose in 2Q'14 from the prior quarter, to \$120.9 billion (from \$117.4 billion) and \$309.0 billion (from \$307.8 billion), respectively.

### CDS Update

According to DTCC, \$4.9 billion of credit default swap contracts on municipal names were executed in the third quarter, a decline of 17.0 percent but an increase of 803.0 percent, respectively, q-o-q and y-o-y. California and Florida led state totals (\$2.0 billion and \$440 million, respectively) in 3Q'14. At the end of the second quarter, \$2.80 billion net notional of municipal CDS contracts were outstanding, a 1.5 percent decline from the prior quarter.

### 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 third quarter, with \$2.0 billion issued in 3Q'14, a decline of 11.7 percent and 33.8 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 September at 0.06 percent, averaging 0.06 percent in 3Q'14, 2 basis points lower than 2Q'14's average (0.08 percent).

Issuance of floating rate notes ("FRN") (both LIBOR- and SIFMA- indexed, among others) rose in the third quarter, with issuance of \$2.4 billion, a 14.6 percent and 79.2 percent increase respectively, q-o-q and y-o-y.

### State & Government Update

In early September, federal banking regulators finalized a standard minimum Liquidity Coverage Ratio (LCR) rule for large and internationally active banking organizations, which required a minimum holding level of 'high quality liquid assets' ("HQLA") that could be converted to cash during a 30-day stress period.<sup>3</sup> In the final rule, securities issued by public sectors were determined to not meet the HQLA threshold, with the agencies observing that "the liquidity characteristics of municipal securities range significantly and overall, many municipal securities are not 'liquid and readily-marketable' in U.S. . . . [M]any securities issued by public sector entities exhibit low average daily trading volumes and generally demonstrated less favorable price changes and volatility characteristics. . . and the funding of many municipal securities is very limited in the repurchase market. [T]he agencies believe that covered companies would be limited in their ability to rapidly monetize many municipal securities in the event of a severe systemic liquidity stress scenario." However, when approving the final LCR rule, members of the Board of Governors of the Federal Reserve stated that Fed staff are further studying the issue of HQLA status for municipal securities and may recommend a rule change providing HQLA status for a segment of the municipal market.

According to Nelson A. Rockefeller Institute of Government, states reported significant declines in preliminary tax collections data for the second quarter of 2014, although growth was expected to resume in the follow quarters for personal income taxes in the remainder of 2014.<sup>4</sup> Preliminary data from 48 states from 2Q'14 show that preliminary tax collection fell by 1.7 percent y-o-y, with 19 states reporting gains and 29 states reporting declines. In overall collections, personal income declined by 7.1 percent y-o-y, sales tax collections grew at 4.2 percent y-o-y, and corporate incomes declined 0.1 percent y-o-y.

<sup>3</sup> Federal Reserve, [Federal Banking Regulators Finalize Liquidity Coverage Ratio](#), September 3, 2014.

<sup>4</sup> Nelson A. Rockefeller Institute of Government, ['April Surprises' Left Many States With Bad News](#), September 17, 2014.

## CHARTS &amp; DATA

LONG-TERM MUNICIPAL STATE ISSUANCE, 3Q'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	1,529.6	523.9	1,005.7	-	1,486.4	43.2	165.1	-	403.7	960.9
Alaska	266.2	55.4	210.8	-	266.2	-	132.7	-	133.5	-
Arizona	215.3	66.8	148.5	-	194.5	20.8	75.5	-	16.0	123.8
Arkansas	213.8	118.1	95.7	-	213.7	-	69.8	-	1.7	142.2
California	12,475.0	5,059.1	7,415.9	675.9	11,692.6	106.7	4,081.1	-	4,583.3	3,810.7
Colorado	976.4	157.1	819.3	-	926.4	50.1	398.5	-	409.5	168.5
Connecticut	1,576.3	1,131.9	444.4	-	1,323.5	252.8	1,180.3	-	237.4	158.7
District of Columbia	605.7	-	605.7	-	255.7	350.0	450.0	-	-	155.7
Delaware	218.1	-	218.1	-	218.1	-	-	-	218.1	-
Florida	2,634.2	402.0	2,232.2	-	2,312.6	321.6	402.9	-	652.1	1,579.2
Georgia	660.3	159.3	501.0	-	655.8	4.5	266.0	-	186.8	207.5
Guam	162.1	-	162.1	-	146.5	15.6	76.5	-	-	85.6
Hawaii	163.7	-	163.7	-	135.7	28.0	-	-	135.7	28.0
Idaho	188.3	2.2	186.1	-	188.4	-	186.1	-	-	2.2
Illinois	2,156.8	421.6	1,735.2	41.3	2,053.4	62.1	839.8	-	639.0	678.0
Indiana	1,285.6	70.9	1,214.7	409.2	861.9	14.5	554.7	-	14.6	716.2
Iowa	265.8	178.5	87.3	-	265.3	0.4	127.4	-	57.6	80.7
Kansas	1,136.2	541.3	594.9	-	1,124.0	12.2	682.8	-	66.5	386.9
Kentucky	481.7	57.9	423.8	-	461.7	20.0	122.2	-	21.1	338.4
Louisiana	1,097.9	20.2	1,077.7	-	783.0	314.9	358.3	-	15.0	724.6
Maine	235.4	39.1	196.3	42.0	185.9	7.6	103.7	-	67.3	64.5
Maryland	2,046.9	1,533.8	513.1	23.9	1,924.1	99.0	1,280.3	-	49.0	717.7
Massachusetts	2,559.1	1,984.5	574.6	48.2	2,459.0	51.8	1,875.4	-	230.2	453.5
Michigan	2,760.1	407.5	2,352.6	59.3	2,663.4	37.4	359.9	-	1,826.9	573.4
Minnesota	2,049.3	1,420.2	629.1	46.6	1,909.7	90.3	1,316.8	-	93.3	636.5
Mississippi	133.4	120.9	12.5	-	130.4	3.0	60.9	-	-	72.5
Missouri	752.6	156.7	595.9	-	590.5	162.1	345.2	-	52.8	354.7
Montana	56.5	56.5	-	-	56.5	-	8.0	-	-	48.5
Nebraska	587.7	140.2	447.5	35.0	540.4	12.4	223.5	-	30.3	334.0
Nevada	81.2	40.6	40.6	-	81.2	-	50.5	-	-	30.7
New Hampshire	80.7	4.1	76.6	-	4.1	76.6	4.1	-	-	76.6
New Jersey	1,844.1	1,038.4	805.7	1.9	1,701.9	140.3	659.5	-	-	1,184.7
New Mexico	1,109.2	79.4	1,029.8	-	1,109.1	-	106.3	-	59.7	943.1
New York	8,268.1	1,820.8	6,447.3	548.8	6,840.9	878.4	4,020.1	-	348.9	3,899.1
North Carolina	1,069.0	345.2	723.8	-	792.3	276.8	592.3	-	58.4	418.4
North Dakota	66.3	61.5	4.8	-	65.4	0.9	24.1	-	5.2	37.0
Ohio	1,572.0	787.1	784.9	22.2	1,493.1	56.7	650.9	-	78.0	843.0
Oklahoma	354.9	90.1	264.8	15.5	318.9	20.5	236.2	-	9.1	109.7
Oregon	1,242.4	550.5	691.9	90.1	1,152.3	-	805.9	-	-	436.5
Pennsylvania	2,145.0	787.5	1,357.5	-	1,807.7	291.3	858.2	-	737.4	503.4
Puerto Rico	0.0	-	-	-	-	-	-	-	-	-
Rhode Island	13.4	10.0	3.4	-	13.4	-	5.8	-	-	7.6
South Carolina	445.7	149.1	296.6	-	445.7	-	222.5	-	32.1	191.1
South Dakota	93.7	13.7	80.0	-	86.5	7.2	18.0	-	54.8	20.9
Tennessee	881.0	379.0	502.0	-	739.6	141.5	328.9	-	180.3	371.8
Texas	7,706.7	5,619.0	2,087.7	78.4	6,876.3	752.0	3,472.0	-	1,636.0	2,598.7
Utah	688.5	51.7	636.8	-	688.6	-	597.5	-	16.9	74.2
Vermont	203.9	140.3	63.6	25.8	178.1	-	-	-	117.8	86.1
Virgin Islands	-	-	49.6	-	49.6	-	49.6	-	-	-
Virginia	1,349.9	408.4	941.5	-	1,307.9	42.0	124.9	-	765.1	459.9
Washington	1,297.3	258.0	1,039.3	19.8	1,259.8	17.7	355.5	-	117.8	824.1
West Virginia	417.7	18.0	399.7	-	338.1	79.6	341.2	-	-	76.6
Wisconsin	1,312.1	1,009.7	302.4	-	1,276.2	35.9	720.3	-	108.0	483.8
Wyoming	103.9	-	103.9	44.8	56.6	2.5	24.5	-	34.6	44.8
<b>ALL</b>	<b>71,886.3</b>	<b>28,487.7</b>	<b>43,398.6</b>	<b>2,228.7</b>	<b>64,708.6</b>	<b>4,900.9</b>	<b>30,012.2</b>	<b>0.0</b>	<b>14,501.5</b>	<b>27,324.9</b>
<b>QoQ</b>	<b>-13.6%</b>	<b>-20.5%</b>	<b>-8.3%</b>	<b>-22.6%</b>	<b>-12.7%</b>	<b>-20.8%</b>	<b>-21.9%</b>		<b>-2.1%</b>	<b>-8.7%</b>
<b>YoY</b>	<b>5.2%</b>	<b>15.1%</b>	<b>-0.3%</b>	<b>2.9%</b>	<b>6.7%</b>	<b>-10.9%</b>	<b>-23.4%</b>		<b>4.1%</b>	<b>79.7%</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.

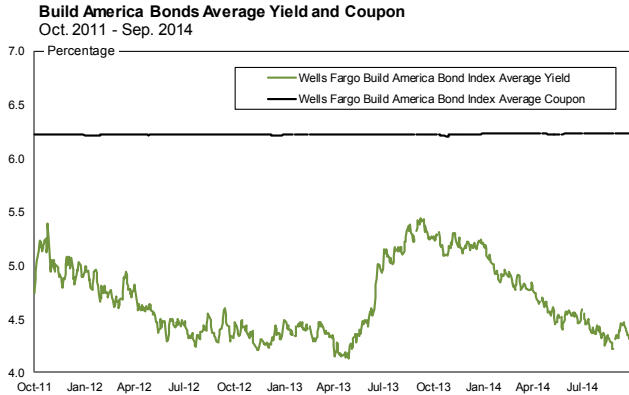
	Total	Coupon Type						
		Convertible	Fixed Rate	Linked Rate	Variable Rate			Zero
					Variable Rate Long	Variable Rate No Put	Short (VRDO)	
Alabama	1,529.6	-	1,515.7	-	-	-	13.9	-
Alaska	266.2	-	266.2	-	-	-	-	-
Arizona	215.3	-	206.6	-	-	-	8.7	-
Arkansas	213.8	-	213.7	-	-	-	-	-
California	12,475.0	-	10,597.4	324.1	1,459.5	-	38.9	55.2
Colorado	976.4	-	936.3	-	-	-	40.2	-
Connecticut	1,576.3	-	1,308.2	-	250.0	-	18.1	-
District of Columbia	605.7	-	505.7	-	-	-	100.0	-
Delaware	218.1	-	218.1	-	-	-	-	-
Florida	2,634.2	-	2,629.2	-	-	-	5.0	-
Georgia	660.3	-	651.8	-	-	-	8.5	-
Guam	162.1	-	162.1	-	-	-	-	-
Hawaii	163.7	-	163.7	-	-	-	-	-
Idaho	188.3	-	188.4	-	-	-	-	-
Illinois	2,156.8	-	2,105.5	-	-	-	50.7	0.6
Indiana	1,285.6	-	1,285.6	-	-	-	-	-
Iowa	265.8	-	265.8	-	-	-	-	-
Kansas	1,136.2	-	1,136.2	-	-	-	-	-
Kentucky	481.7	-	356.6	125.1	-	-	-	-
Louisiana	1,097.9	-	1,097.9	-	-	-	-	-
Maine	235.4	-	235.5	-	-	-	-	-
Maryland	2,046.9	-	2,022.0	-	-	-	25.0	-
Massachusetts	2,559.1	-	2,159.1	400.0	-	-	-	-
Michigan	2,760.1	-	2,760.1	-	-	-	-	-
Minnesota	2,049.3	-	2,035.0	-	7.9	-	3.7	-
Mississippi	133.4	-	128.9	-	-	-	4.5	-
Missouri	752.6	-	752.6	-	-	-	-	-
Montana	56.5	-	56.5	-	-	-	-	-
Nebraska	587.7	-	552.7	-	-	-	35.0	-
Nevada	81.2	-	81.2	-	-	-	-	-
New Hampshire	80.7	-	80.7	-	-	-	-	-
New Jersey	1,844.1	-	1,689.1	125.0	-	-	30.0	-
New Mexico	1,109.2	-	382.1	552.0	175.0	-	-	-
New York	8,268.1	-	6,987.8	-	34.0	-	1,246.3	-
North Carolina	1,069.0	-	996.3	-	-	-	72.7	-
North Dakota	66.3	-	66.3	-	-	-	-	-
Ohio	1,572.0	-	1,234.0	321.7	4.5	-	-	11.7
Oklahoma	354.9	-	354.9	-	-	-	-	-
Oregon	1,242.4	25.4	1,180.6	-	-	-	-	36.3
Pennsylvania	2,145.0	-	1,932.0	167.0	-	-	-	-
Puerto Rico	0.0	-	-	-	-	-	-	-
Rhode Island	13.4	-	13.4	-	-	-	-	-
South Carolina	445.7	-	445.7	-	-	-	-	-
South Dakota	93.7	-	88.2	-	-	-	5.5	-
Tennessee	881.0	-	872.0	-	9.0	-	-	-
Texas	7,706.7	-	6,947.2	-	497.1	-	100.0	162.5
Utah	688.5	-	331.6	357.0	-	-	-	-
Vermont	203.9	-	203.9	-	-	-	-	-
Virgin Islands	-	-	49.6	-	-	-	-	-
Virginia	1,349.9	-	1,347.2	-	2.7	-	-	-
Washington	1,297.3	-	1,245.8	-	-	-	51.5	-
West Virginia	417.7	-	267.5	50.2	-	-	100.0	-
Wisconsin	1,312.1	-	1,312.1	-	-	-	-	-
Wyoming	103.9	-	103.9	-	-	-	-	-
<b>ALL</b>	<b>71,886.3</b>	<b>25.4</b>	<b>64,726.2</b>	<b>2,422.1</b>	<b>2,439.7</b>	<b>0.0</b>	<b>1,958.2</b>	<b>266.3</b>
<b>QoQ</b>	<b>-13.6%</b>	<b>-73.7%</b>	<b>-17.0%</b>	<b>14.6%</b>	<b>321.4%</b>	<b>-</b>	<b>-11.7%</b>	<b>86.1%</b>
<b>YoY</b>	<b>5.2%</b>	<b>-96.3%</b>	<b>5.9%</b>	<b>42.0%</b>	<b>79.2%</b>	<b>-</b>	<b>-33.8%</b>	<b>-42.8%</b>

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

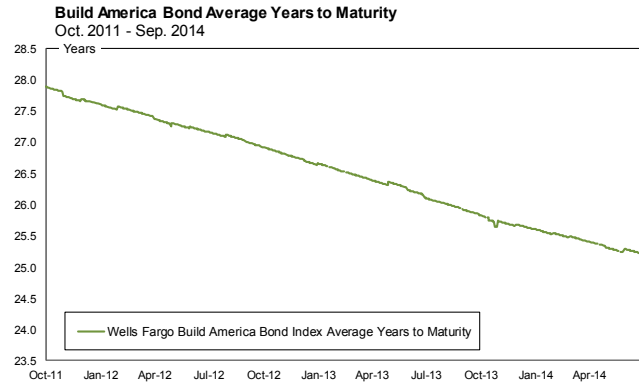
\$ Millions

Use of Proceeds	3Q'13	2Q'14	3Q'14	Q-o-Q	Y-o-Y
Agriculture	5.0	4.7	4.0	-14.9%	-20.0%
Airports	3,098.4	2,617.6	1,861.4	-28.9%	-39.9%
Assisted Living	82.5	73.0	77.3	5.9%	-6.3%
Bridges	1,186.5	408.7	1,452.8	255.5%	22.4%
Childrens hospital	249.4	236.7	190.4	-19.6%	-23.7%
Civic & convention centers	139.2	261.0	161.6	-38.1%	16.1%
Combined utilities	179.1	551.9	319.0	-42.2%	78.1%
Cont Care Retirement Community	325.4	727.6	548.5	-24.6%	68.6%
Correctional facilities	195.7	484.4	219.7	-54.6%	12.3%
Economic development	922.7	2,614.0	1,567.8	-40.0%	69.9%
Fire stations & equipment	67.8	38.5	33.7	-12.5%	-50.3%
Flood control	83.5	347.6	26.5	-92.4%	-68.3%
Gas	46.4	103.4	1,049.2	914.7%	2161.2%
General acute care hospital	3,845.8	3,813.4	2,571.0	-32.6%	-33.1%
General Medical	354.2	188.0	40.2	-78.6%	-88.7%
General purpose /publicimprovement	14,143.8	18,299.9	21,683.6	18.5%	53.3%
Government buildings	408.2	455.7	236.6	-48.1%	-42.0%
Higher education	9,622.9	6,669.0	6,292.2	-5.7%	-34.6%
Industrial development	153.3	124.3	100.3	-19.3%	-34.6%
Libraries & museums	119.5	280.1	115.7	-58.7%	-3.2%
Mass transportation	2,581.9	4,914.2	2,289.5	-53.4%	-11.3%
Multi family housing	1,405.0	1,661.3	1,391.7	-16.2%	-0.9%
Nursing homes	99.9	4.8	154.7	3122.9%	54.9%
Office buildings					
Other education	140.2	109.8	155.6	41.7%	11.0%
Other recreation	70.3	139.6	515.4	269.2%	633.1%
Parking facilities	61.7	30.6	35.5	16.0%	-42.5%
Parks, Zoos & Beaches	297.6	393.8	48.1	-87.8%	-83.8%
Police stations & equipment	59.1	173.1	10.0	-94.2%	-83.1%
Pollution control	267.4	536.2	144.4	-73.1%	-46.0%
Primary & secondary education	8,712.6	17,314.3	12,103.5	-30.1%	38.9%
Publicpower	3,280.7	2,844.3	2,179.8	-23.4%	-33.6%
Sanitation	192.8	457.6	39.2	-91.4%	-79.7%
Seaports /marine terminals	382.7	291.4	347.4	19.2%	-9.2%
Single family housing	750.8	1,410.7	1,022.5	-27.5%	36.2%
Single speciality hospital	50.9	304.3	137.1	-54.9%	169.4%
Solid waste	44.1	176.9	22.7	-87.2%	-48.5%
Stadiums & sports complexes	61.9		317.6		413.1%
Student loans	180.0	558.4	277.0	-50.4%	53.9%
Telecommunications	46.5	14.4	41.5	188.2%	-10.8%
Theatres	116.0	55.7		-100.0%	-100.0%
Toll roads, highways & streets	7,830.9	6,715.7	3,344.4	-50.2%	-57.3%
Water & sewer facilities	6,435.8	6,751.0	8,709.0	29.0%	35.3%
<b>ALL</b>	<b>68,298.1</b>	<b>83,157.6</b>	<b>71,838.1</b>	<b>-13.6%</b>	<b>5.2%</b>

**BUILD AMERICA BONDS**



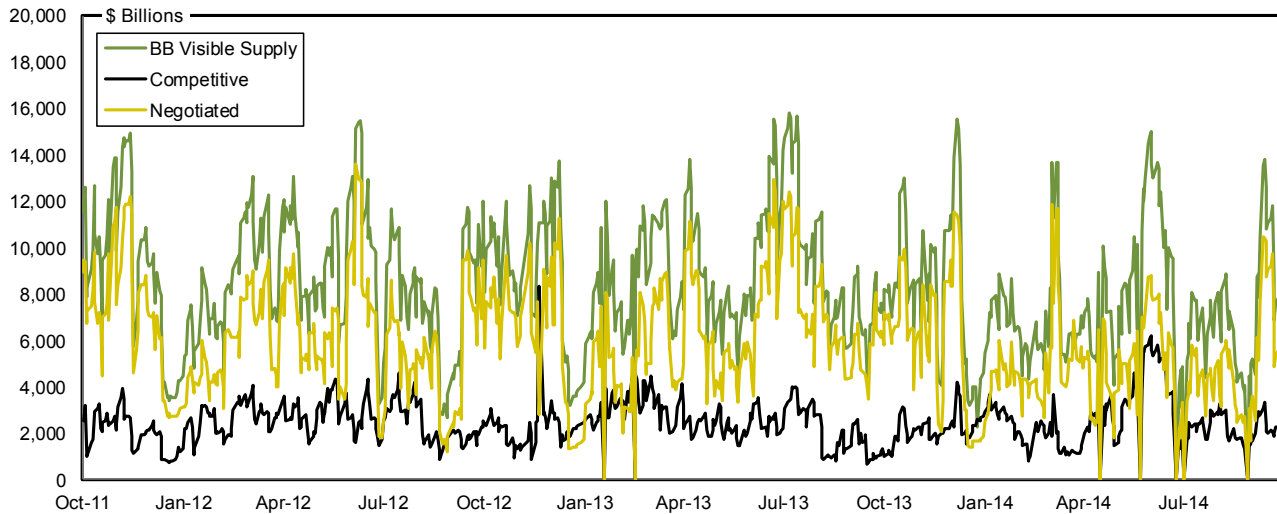
Source: Wells Fargo



Source: Wells Fargo

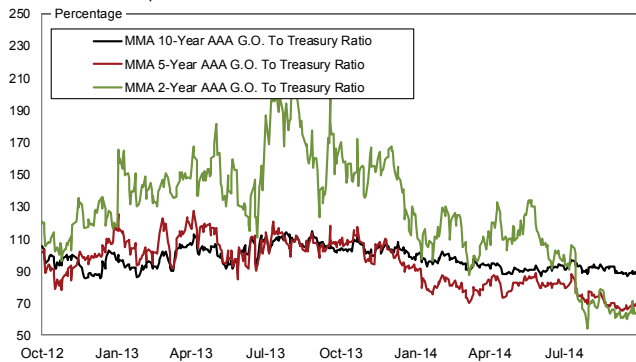
**SUPPLY, YIELD CURVES, TOTAL RETURN, SPREADS & RATIOS**

**Bond Buyer 30-Day Visible Supply**  
Oct. 1, 2011 - Sep. 30, 2014



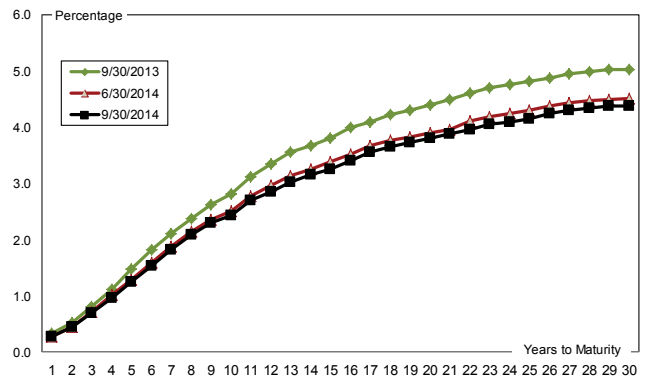
Source: Bond Buyer, Bloomberg

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



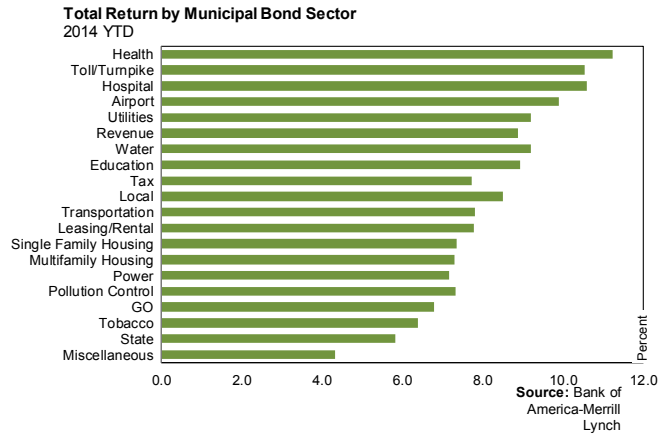
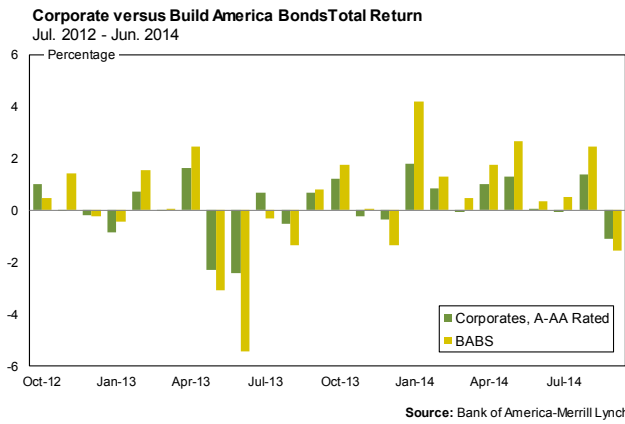
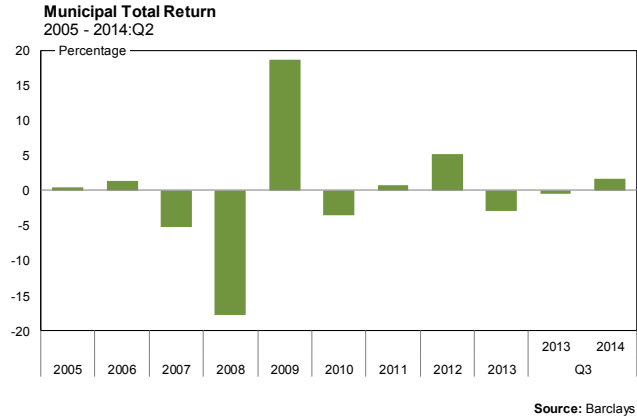
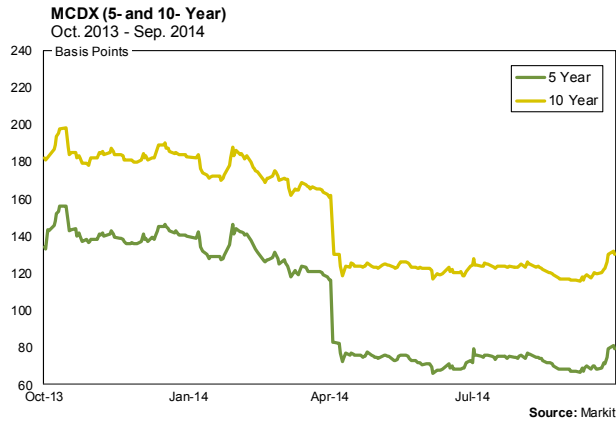
Source: Bloomberg

**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:Q2	953,038	507,965	764,691	2,225,694	307,325	205,414	142,505	\$655,244	
2014:Q3	886,547	476,742	808,582	2,171,871	282,173	186,575	136,371	\$605,119	
%Change	-7%	-6%	6%	-2%	-8%	-9%	-4%	-8%	

	# of Trades					Par Amount (Millions)				
	0 - 100,000	100,001 - 500,000	500,001 - 1,000,000	1,000,000+	All Trades	0 - 100,000	100,001 - 500,000	500,001 - 1,000,000	1,000,000+	All Trades
2014:Q2	81%	13%	2%	4%	2,225,694	9%	11%	7%	74%	\$655,244
2014:Q3	82%	12%	2%	4%	2,171,871	9%	11%	7%	73%	\$605,119

	Trades by Sector							
	Education	Health	Utility	Various Purpose	Transportation	Tax-Revenue	Other	Total (Millions)
2014:Q2	19%	10%	13%	10%	9%	9%	30%	\$655,244
2014:Q3	18%	9%	13%	11%	8%	11%	30%	\$605,119

	Trades by Maturity						
	1 Year or Less	1+ Year to 5 Years	5+ Years to 10 Years	10+ Years to 20 Years	20+ Years	Total (Millions)	
2014:Q2	4%	11%	13%	30%	43%	\$655,244	
2014:Q3	5%	10%	14%	31%	40%	\$605,119	

	Trades by Source of Repayment				
	Revenue	General Obligation	Double Barrel	Not Available	Total (Millions)
2014:Q2	71%	26%	3%	0%	\$655,244
2014:Q3	71%	27%	3%	0%	\$605,119

	Trades by Coupon Type				
	Fixed Rate	Variable Rate	Zero Coupon	Not Available	Total (Millions)
2014:Q2	59%	37%	4%	0%	\$655,244
2014:Q3	59%	36%	5%	0%	\$605,119

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
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
Jul-14	138.5	160.0	4.0	4.0	49.0		25.0	150.0	186.6		717.1	12.8
Aug-14	1,745.0	230.0	95.0	55.0	265.3	202.3	251.2	390.0	450.0	308.0	3,991.7	14.4
Sep-14	85.0	50.0	10.0		0.4				10.0		155.4	19.4
<b>3Q'14</b>	<b>1,968.5</b>	<b>440.0</b>	<b>109.0</b>	<b>59.0</b>	<b>314.6</b>	<b>202.3</b>	<b>276.2</b>	<b>540.0</b>	<b>646.6</b>	<b>308.0</b>	<b>4,864.2</b>	<b>14.2</b>
Q-o-Q	20.3%	-26.5%	-79.1%	-45.6%	-69.1%	-67.4%	68.4%	231.3%	-33.4%	422.0%	-17.0%	
Y-o-Y	1323.4%	1366.7%	-5.2%	195.0%	124.1%	1922.5%		30757.1%	848.1%	1953.3%	803.0%	

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

5-Year															North			
	Illinois	California	Connecticut	Nevada	New Jersey	Ohio	Michigan	Pennsylvania	Florida	New York	Massachusetts	Wisconsin	Maryland	Carolina	Texas	Delaware	Minnesota	
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	
6/30/2014	160.0	46.7	82.0	40.0	84.0	41.0	55.0	45.0	35.0	36.0	37.0	30.0	30.0	28.0	27.0	29.3	30.0	
7/31/2014	165.0	41.0	82.0	41.0	84.0	61.0	55.0	43.0	36.0	37.0	38.0	29.4	31.0	29.0	29.6	31.0	31.2	
8/31/2014	159.0	37.8	88.0	37.0	78.8	55.0	55.0	40.0	37.8	37.8	38.0	28.6	35.0	29.0	27.8	30.6	31.5	
<b>9/30/2014</b>	<b>173.0</b>	<b>45.0</b>	<b>76.0</b>	<b>40.0</b>	<b>89.6</b>	<b>41.0</b>	<b>45.0</b>	<b>48.0</b>	<b>40.0</b>	<b>39.0</b>	<b>41.0</b>	<b>29.5</b>	<b>34.0</b>	<b>27.0</b>	<b>27.0</b>	<b>29.3</b>	<b>34.0</b>	
Q-o-Q	8.8%	19.2%	-13.6%	8.1%	13.8%	-25.5%	-18.2%	20.0%	5.9%	3.3%	7.9%	3.1%	-2.8%	-6.9%	-2.8%	-4.3%	8.2%	
Y-o-Y	22.7%	-19.6%	-12.6%	-13.0%	42.3%	0.0%	-23.7%	6.7%	17.7%	11.5%	10.8%	1.6%	17.3%	-6.9%	-29.5%	10.0%	13.5%	

Source: CMA Datavision

10-Year															North			
	Illinois	California	Connecticut	Nevada	New Jersey	Ohio	Michigan	Pennsylvania	Florida	New York	Massachusetts	Wisconsin	Maryland	Carolina	Texas	Delaware	Minnesota	
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	
6/30/2014	214.0	91.5	135.0	85.0	135.0	98.0	100.0	91.0	77.0	76.0	86.0	53.0	59.0	57.0	56.0	58.5	59.0	
7/31/2014	88.0	88.0	134.0	85.6	133.0	122.3	99.0	92.0	78.0	77.0	87.0	52.0	60.0	58.0	57.0	60.4	57.3	
8/31/2014	81.0	81.0	128.0	80.2	133.7	115.2	96.3	86.0	73.9	72.2	77.0	56.0	60.6	52.0	54.7	56.7	55.3	
<b>9/30/2014</b>	<b>95.0</b>	<b>95.0</b>	<b>140.0</b>	<b>85.8</b>	<b>145.0</b>	<b>89.0</b>	<b>97.0</b>	<b>96.0</b>	<b>78.0</b>	<b>78.0</b>	<b>84.0</b>	<b>56.0</b>	<b>62.0</b>	<b>52.0</b>	<b>52.0</b>	<b>52.9</b>	<b>57.7</b>	
Q-o-Q	17.4%	17.4%	9.4%	7.0%	8.5%	-22.7%	0.8%	11.6%	5.6%	8.1%	9.1%	0.0%	2.4%	0.0%	-4.8%	-6.7%	4.4%	
Y-o-Y	-50.3%	-10.4%	7.7%	-7.7%	31.9%	-1.1%	-4.9%	3.2%	4.1%	5.5%	1.2%	-11.1%	7.0%	-7.1%	-5.4%	-3.2%	1.2%	

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

**Note: Outstanding municipal debt remains a quarter behind due to a currently existing bug in Bloomberg's algorithms that aggregate figures incorrectly.**

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 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 after-ward are due to underlying database differences (Fed: Mergent; these tables: Bloomberg). Those CUSIPs unverified by Bloomberg are not included in the total; this affects approximately \$100 million outstanding.

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	307,036.3	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.

## 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>11</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>12</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>11</sup> Authors' own definition.

<sup>12</sup> Moodys.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>13</sup>

### Standard and Poor's Ratings<sup>14</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>13</sup>The lowest rating is a "D" at both Moody's and Standard and Poor's.

<sup>14</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>15</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>15</sup>Authors' own definition.



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