



2021 Municipal Issuance Survey

December 2020

2021 Municipal Bond Issuance Survey


Issuance Forecast Highlights

Respondents to the 2021 SIFMA Municipal Issuance Survey expect total long-term municipal issuance to reach \$452.0 billion in 2021, a 3.2% decrease from the \$466.9 billion expected to be issued in 2020. Short-term issuance is expected to increase to \$50.0 billion in 2021, a 13.9% increase from \$43.9 billion expected to be issued in 2020.¹ Including short-term issuance, total municipal issuance is expected to total \$502.0 billion in 2021, down 1.7% from \$510.8 billion expected to be issued in 2020.

MUNICIPAL ISSUANCE FORECAST			
\$ Billions	2020(e)	2021(f)	% Change
Total Issuance	510.8	502.0	-1.7%
Long-Term Issuance	466.9	452.0	-3.2%
Tax-Exempt Municipal Issuance	315.1	298.0	-5.4%
Taxable Municipal Issuance	142.2	145.0	1.9%
AMT Municipal Issuance	9.6	9.0	-6.1%
Short-Term Issuance	43.9	50.0	13.9%
Other Municipal Categories			
Floating Rate Note (FRN) Issuance	0.7	0.4	-44.5%
Refunding as % of Long-Term Tax-Exempt Total	44.3%	34.0%	

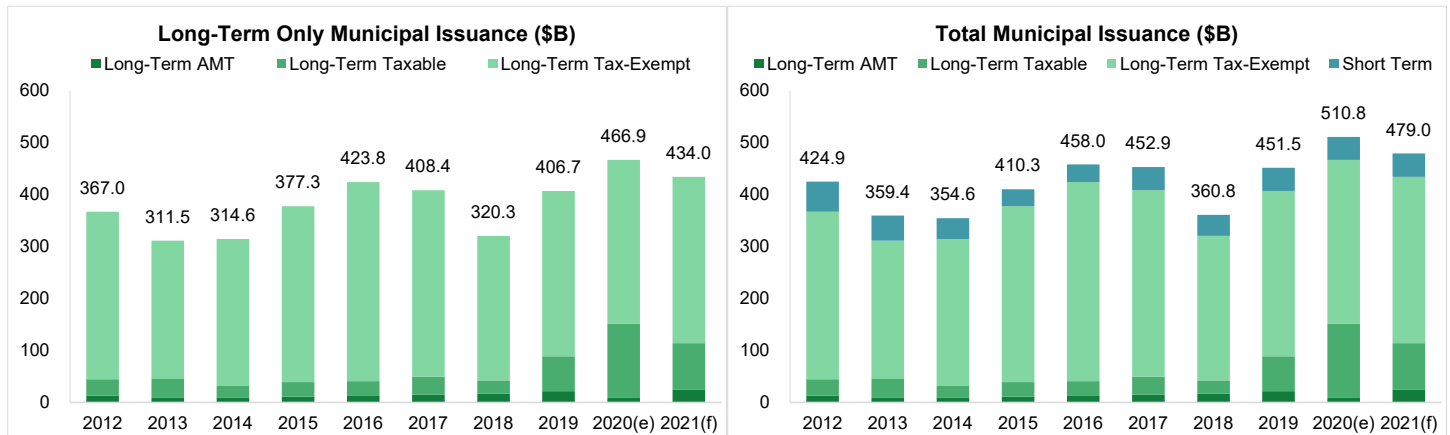
Source: Refinitiv, 2021 SIFMA Municipal Issuance Survey
 Note: 2020 data scaled to full year from December 18, 2020.

Respondents were polled as to events that would most likely have the greatest effect on the municipal market in 2021: federal stimulus, COVID-19 vaccine and general economic weakness/slow growth were identified as factors to have the greatest effect in 2021, followed by federal government focus on infrastructure finance.

FACTORS AFFECTING MUNICIPAL MARKET IN 2021	
<p>Highly Important</p>  <p>Not at All Important</p>	<ul style="list-style-type: none"> Federal stimulus COVID-19 vaccine General economic weakness / slow growth Federal government focus on infrastructure finance Broad-based credit deterioration Fiscal pressures associated with underfunded pension programs A single, big-name default Regulatory and compliance burdens Reduction in federal transfers to state and local governments

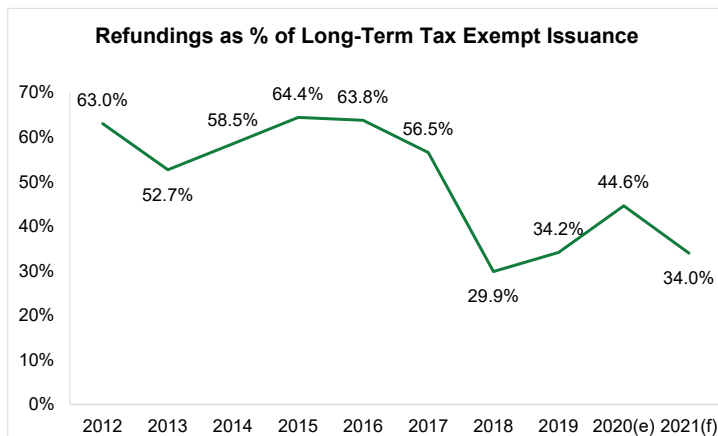
¹ Short-term issuance estimates for 2021 ranged from \$30 to \$75 billion.

Respondents project long-term tax-exempt municipal issuance to reach \$298.0 billion in 2021, slightly down from \$315.1 billion expected in 2020.² Projected volume for taxable municipal issuance in 2021 is \$145.0 billion, a 1.9% increase from \$142.2 billion expected to be issued in 2020.³ Alternative minimum tax (AMT) issuance is expected to decrease in 2021 to \$9.0 billion, down 6.1% from \$9.6 billion expected in 2020.⁴



Source: Refinitiv, 2021 SIFMA Municipal Issuance Survey
 Note: 2020 data scaled to full year from December 18, 2020.

The share of refundings is expected to decrease in 2021, with 34.0% of long-term tax-exempt issuance expected as refundings compared to 44.3% expected in 2020.



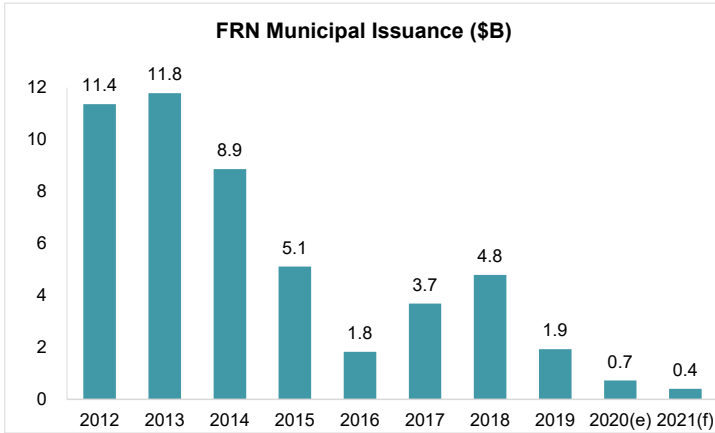
Source: Refinitiv, 2021 SIFMA Municipal Issuance Survey
 Note: 2020 data scaled to full year from December 18, 2020.

² Long-term tax-exempt issuance estimates for 2021 ranged from \$260 to \$400 billion.

³ Long-term taxable issuance estimates for 2021 ranged from \$133 to \$180 billion.

⁴ Long-term AMT issuance estimates for 2021 ranged from \$5 to \$10 billion.

Floating rate issuance is expected to total \$2.0 billion in 2020, up 3.6% from \$1.9 billion in 2019.⁵



Source: Refinitiv, 2021 SIFMA Municipal Issuance Survey
 Note: 2020 data scaled to full year from December 18, 2020.

Respondents were generally unanimous that general purpose and education would be the two largest sectors for 2021, followed by utilities and public facilities. In prior years, the general purpose sector has traditionally been the largest issuing sector by gross amount

- TOP ISSUING SECTORS FOR 2021**
- General Purpose
 - Education
 - Utilities
 - Transportation
 - Public Facilities
 - Housing

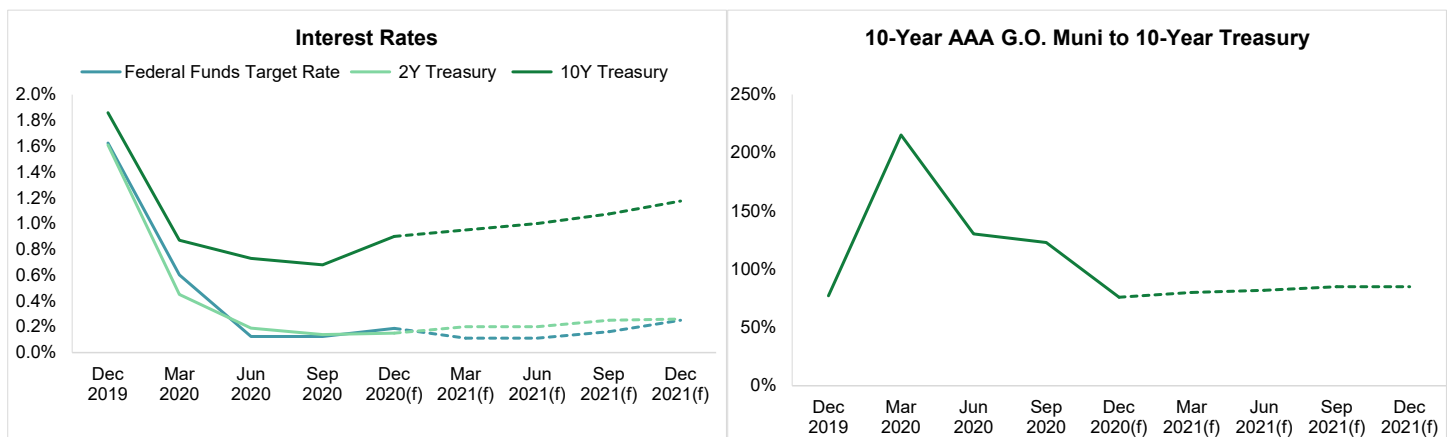
Respondents expect approximately 75 issuers to default in 2021 for a par value of \$3.0 billion, defined for the purposes of the survey as the occurrence of a missed interest or principal payment or a bankruptcy filing.⁶

⁵ Floating rate issuance estimates for 2021 ranged from \$0.3 to \$0.5 billion.

⁶ Survey estimate for the number of issuers to default ranged from 10 to 100 issuers. Par value estimated to be in default ranged from \$1.5 to \$7 billion.

Interest Rate Forecast Highlights

Following the FOMC lowering the federal funds target rate to 0 to 0.25% in March 2020, the federal funds rate (mid-point) is expected to rise from 0.13% in end-September 2020 to 0.19% by end-December 2020 and then dip down as low as 0.11% in March and June 2021 and finish back at 0.25% by end-December 2021.⁷ The two-year Treasury note yield is expected to gradually rise from 0.14% end-September 2020 to 0.26% by end-December 2021.⁸ The 10-year Treasury note yield is expected to also gradually increase from 0.68% end-September 2020 to 1.18% end-December 2021.⁹ The ratio of the yield on 10-year AAA G.O. municipal securities to the 10-year Treasury benchmark is expected decrease from 122.92% at end-September 2020 to 76.0% end-December 2020 but increase back to 85.0% by end-December 2021.¹⁰



Source: Bloomberg, 2021 SIFMA Municipal Issuance Survey

⁷ The range for the federal funds target rate was 0% to 0.31% in December 2020, 0% to 0.25% in March 2021, 0% to 0.25% in June 2021, 0% to 0.25% in September 2021, and 0% to 0.5% in December 2021.

⁸ The range for the two-year Treasury note yield was 0.14% to 0.2% in December 2020, 0.15% to 0.25% in March 2021, 0.15% to 0.26% in June 2021, 0.15% to 0.35% in September 2021, and 0.15% to 0.5% in December 2021.

⁹ The range for the 10-year Treasury yield was 0.7% to 0.95% in December 2020, 0.7% to 1.05% in March 2021, 0.6% to 1.2% for June 2021, 0.65% to 1.3% in September 2021, and 0.7% to 1.45% in December 2021.

¹⁰ The range for the 10-year AAA G.O. muni yield as a percentage of the 10-Year Treasury bond yield was 75% to 100% in December 2020, 70% to 92% in March 2021, 78% to 91% in June 2021, 75% to 92% in September 2021, and 78% to 92% in December 2021.

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