



APPLETON *PARTNERS*, INC.

**MUNICIPAL BOND MARKET OVERVIEW –
PART III**
MARCH 2016
JANET KELLIHER, SVP
DIRECTOR OF MUNICIPAL RESEARCH

ONE POST OFFICE SQUARE
BOSTON, MA 02109
617 338 0700 (tel.)
617 338 2379 (fax)
www.appletonpartners.com



MUNICIPAL BONDS – PART III

MARCH 15, 2016



JANET KELLIHER
SENIOR VICE PRESIDENT
DIRECTOR OF MUNICIPAL RESEARCH



FACTORS TO CONSIDER WHEN DETERMINING VALUE

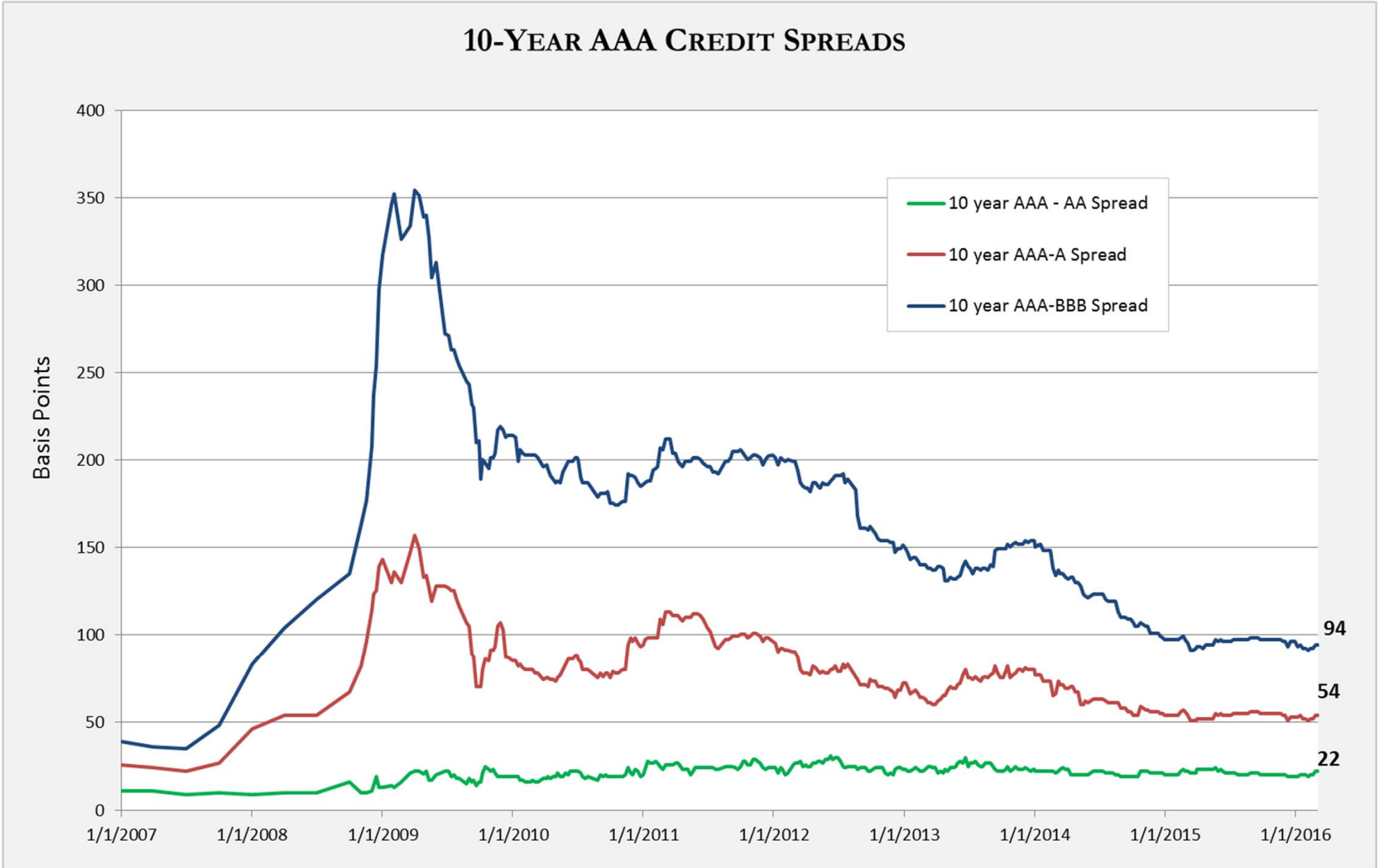


$$\text{Tax Equivalent Yield} = \frac{\text{Tax Free Bond Yield}}{1 - \text{Tax Rate}}$$

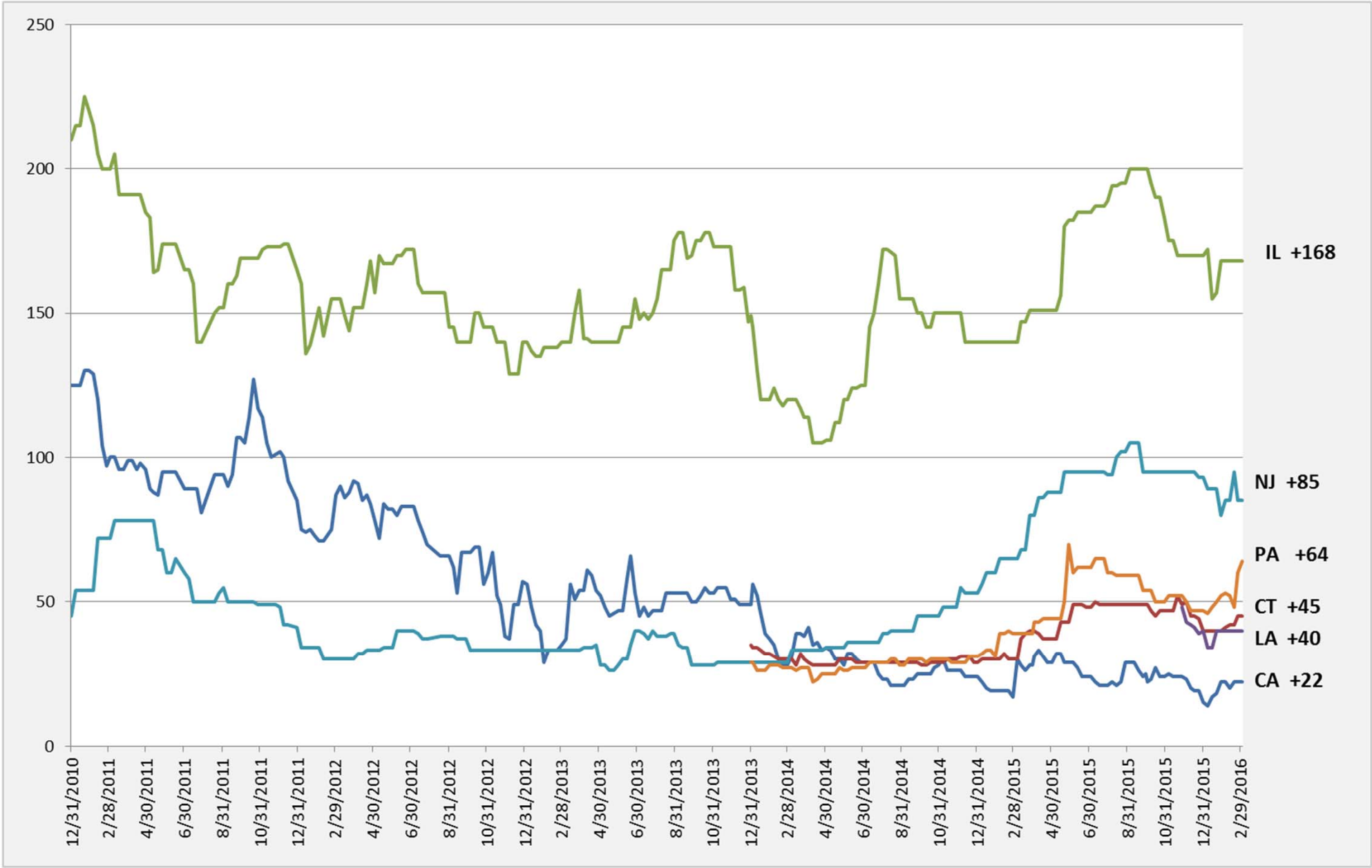
Example - 10 – year municipal bond = 1.86%
 Tax Rate of Individual = 35%

$$\text{Tax Equivalent Yield} = \frac{1.86}{0.65} = 2.86\%$$

10-Year US Treasury (Risk Free)	1.93 %
10-Year Corporate	
AAA	2.72 %
AA	2.93 %
A	3.18 %
BBB	4.03 %

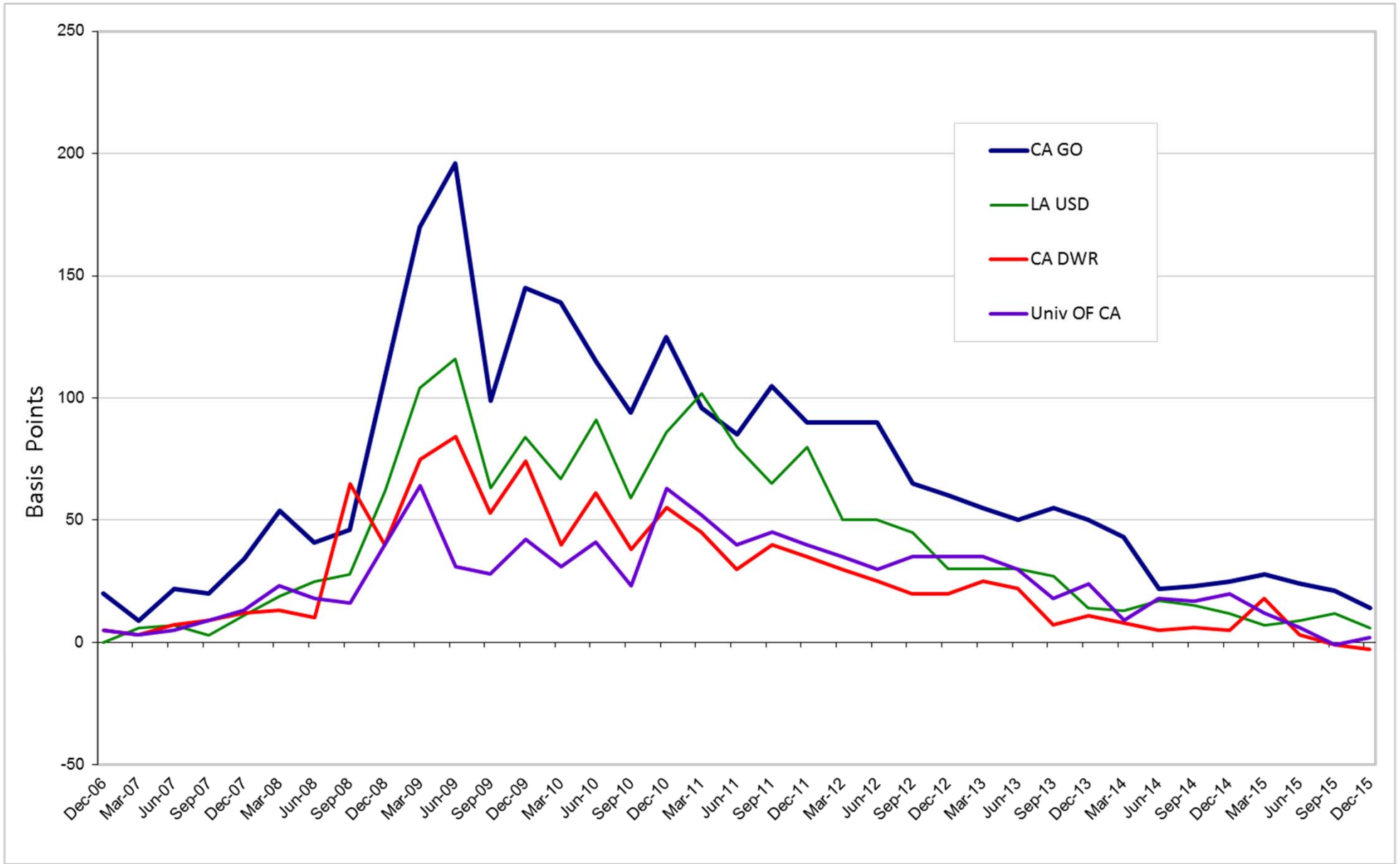


Source: MMD

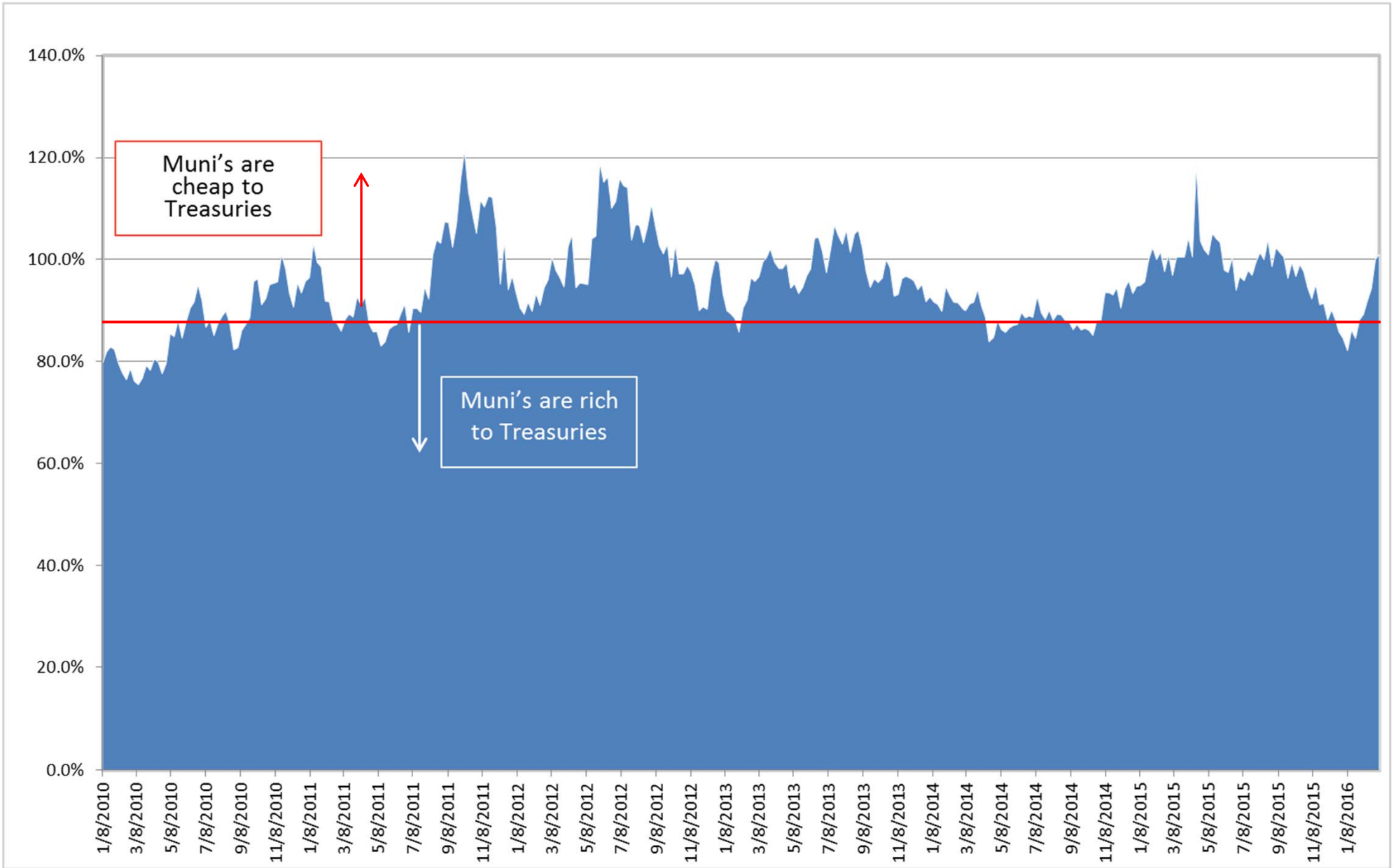


Source: MMD

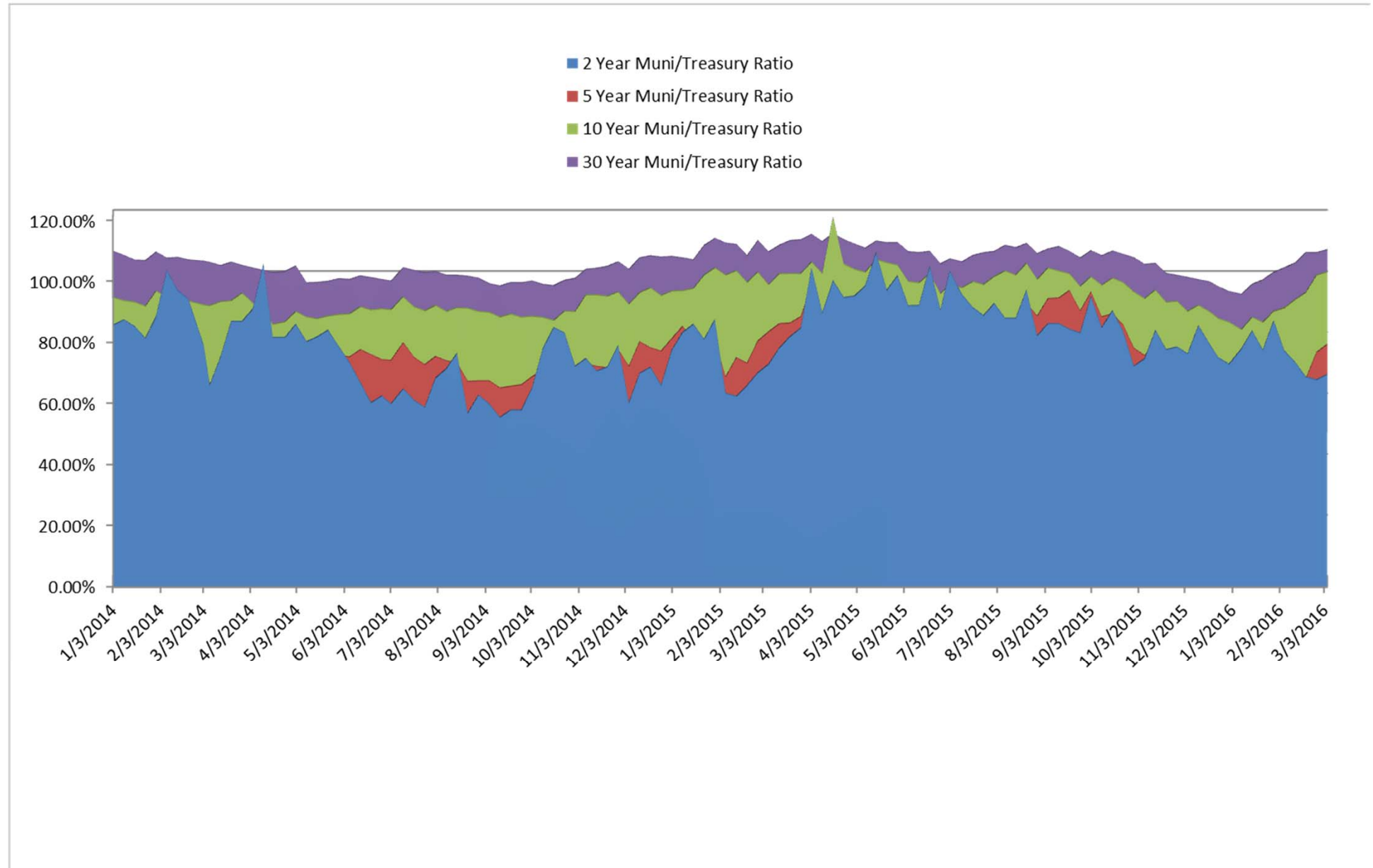
10-Year California GO vs. CA Revenue Bond Spreads



Source: MMD and IDC



Source: MMD



Source: MMD



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INVESTMENT PRODUCTS: NOT FDIC INSURED – NO BANK GUARANTEE – MAY LOSE VALUE

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