

HEADLINE NEWS

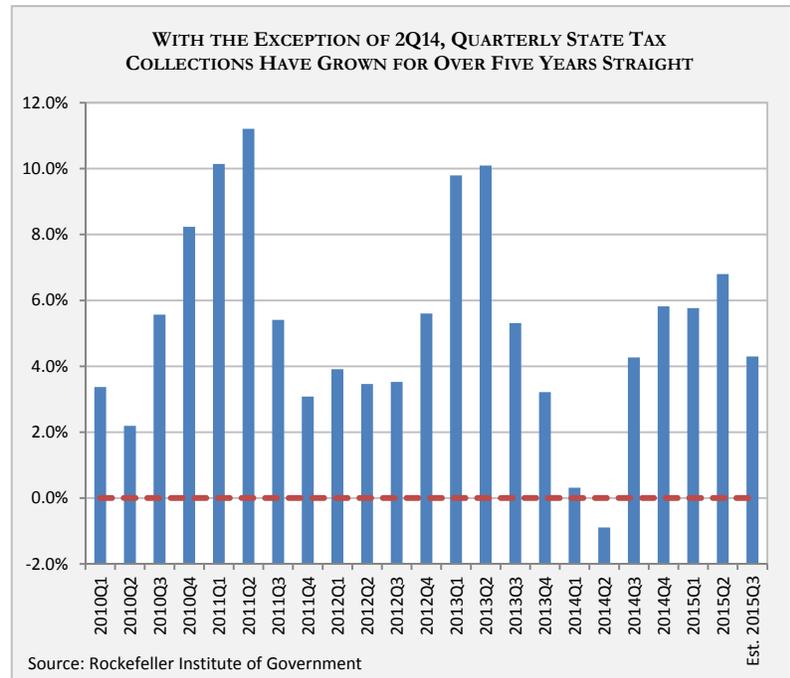
WE EXTEND OUR DEEPEST SYMPATHIES TO THOSE AFFECTED BY THE ATTACKS IN PARIS

Market Looking for Signals for Potential December Rate Hike

- The Fed will release minutes from the October FOMC meeting on Wednesday and may give the market more insight as to whether we will see an initial rate hike in December.
- CPI was released last Tuesday with MoM at 0.2%, as expected and YoY at 0.2% versus expected 0.1%. Included in this number, the Cost of Services less Energy jumped 2.8% from last October which is the largest gain since November 2008. This could be used as evidence of inflation to encourage the Fed to raise rates in December.

State Revenues Continue to Grow

- States collected \$276 billion of tax revenues in the second quarter of 2015, a 6.8% increase from a year ago.
- Second quarter growth marks the fourth consecutive increase and 21st when excluding the fiscal cliff-driven decline in the second quarter of 2014.
- Overall growth for the 50 states for the last twelve months was 5.6%, indicating a healthy mix of economic growth, boosted by tax increases in some states. Only three states – Alaska (oil), North Dakota (oil), and Illinois (phased out tax hike) – reported declines in tax revenues for the year ending June 30th.


MARKET UPDATE
Muni Market Overview

- In the Intermediate part of the yield curve, Municipals were off by a couple of basis points, with the 7Yr cheaper by 2bps to end the week at 1.72%.
- The calendar was a bit abbreviated last week due to the Wednesday holiday (Veteran's Day), but seems to have bounced back this week with almost \$10 billion in issuance, including several larger deals. The \$713 million Massachusetts School Building Authority (Aa2/AA+/AA+) and \$650 million State of Connecticut (Aa3/AA/AA) deals top the list.
- Municipal Fund Flows were positive for the 6th consecutive week totaling almost \$8 billion, year-to-date. The total inflows are still below the high for the year of \$11.464 billion on 5/6/15.

Corporate Market Overview

- Last week's barbelled workweek did not affect issuance as there were 28 issuers tapping the investment grade credit market for a total of \$32.925 billion. This marked the third straight week with issuance over \$30 billion. Monday's \$16.95 billion was over 50% of the week's total and the largest deal of the week was the \$5.0 billion issued by Chevron Corp (CVX Aa1/AA/AA) across 6 maturities. All deals were very well received. This trend is expected to continue through the remainder of the year.

Although new issuance is stealing the show, secondary trading and spreads remain steady.

- US treasury rate volatility is close to year to date lows. Yields across the curve were all lower on the week with the 5Yr leading the way down 8 bps to 1.63%. Support for the 10Yr benchmark bond (2.27% at week's end) is in the range of 2.35% - 2.40%, with resistance at around 2.15%.

FIXED INCOME INDEX RETURNS AS OF 11/13/2015

	MTD	YTD
Barclays 3Yr	-0.32	1.12
Barclays 5Yr	-0.42	1.90
Barclays 7Yr	-0.46	2.06
Barclays MM Short 1-5Yr	-0.36	1.27
Barclays MM 1-10Yr	-0.52	1.83
ML US Gov/Corp 1-10 Yr	-0.43	1.39

Source: Interactive Data

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