

**HEADLINE NEWS**
**Latest Housing Data Release on Watch**

Market participants have continued to watch the housing market as an indicator of economic strength. This week, we will see releases on both Existing Home Sales and New Home Sales. The trend for Existing Home Sales has been negative due to the bad winter weather patterns. If both data releases come in better than expected, the market should read it as a signal of economic strength and thus prepare for a potential earlier than expected Fed rate hike. As we continue to move through the cycle and approach the first rate hike, the market remains skittish at each data release adding volatility in trading.

**PREPA Receives Short-Lived Extension**

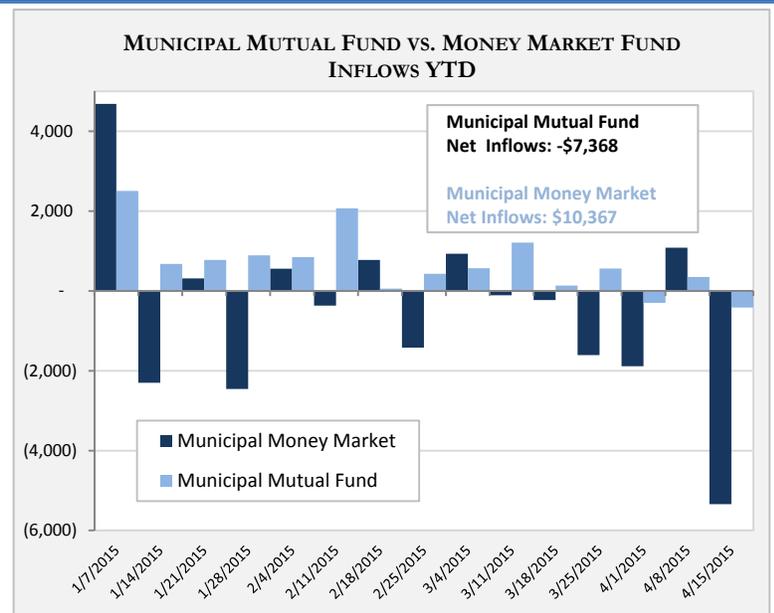
The Puerto Rico Electric Power Authority received another 15-day extension from forbearing creditors valid through April 30<sup>th</sup>, thereby providing the electric utility with limited, but much needed, time to shore up liquidity and negotiate restructuring options. Creditors previously proposed a 30-day extension that required \$123 million of reserve funds be set aside, a \$1 million amendment fee, and a third-party monitor to facilitate information requests, but PREPA officials balked at those terms. PREPA's Chief Restructuring Officer has indicated that a restructuring proposals would be presented to investors in June, just a few weeks before a \$400 million debt service payment comes due.

**MARKET UPDATE**
**Little Change for Muni Yields**

Over the week, Municipals did not change inside of 5Yrs, which left the 5Yr at 1.22%. Further out the yield curve, munis were tighter by 2bps in 7Yrs (1.56%) and 3bps in 10Yrs (1.94%). Munis did not follow the volatility in the Treasury market after the weak data releases. This week's issuance is expected to come in above \$9 billion, which is higher than the 3yr trailing average issuance for the last full week in April of \$7.4 billion. For the week ending 4/15/15, Municipal bond funds showed outflows of \$414 million, marking the second week of outflows in the last 3 weeks. For the year, the municipal funds show positive flows of \$10.4 billion.

**Slow April Issuance**

Investment grade Corporate issuance for the week ending April 17th was a bit better than expected with just over \$28 billion hitting the market. The month of April has been slow thus far and should continue for the next couple weeks as self-imposed blackout periods allow companies to give way to earnings announcements. The most notable deal was brought by Bank of America (BAC) on Thursday, which was a 3 part (5Yr, 10Yr, 30Yr) \$5 billion deal. The shorter 5 year maturity was done as Senior debt (Baa2/A-) at +100, while the 10 & 30 year maturities came as subordinate debt (Baa3/BBB+) at +210 and +220, respectively. There was some good news out of the financial sector, as some banks are reporting better profitability from trading, especially on the fixed income side. Because of the lack of issuance and the general reach for yield, credit spreads remained steady on the week.



Weekly and Monthly Reporting Funds  
 Source: Lipper

**FIXED INCOME INDEX RETURNS**

	MTD 4/17/2015	YTD 4/17/2015
Barclays 3Yr	0.05	0.46
Barclays 5Yr	0.14	0.90
Barclays 7Yr	0.24	1.33
Barclays MM Short 1-5Yr	0.07	0.54
Barclays MM 1-10Yr	0.17	1.11
ML US Gov/Corp 1-10 Yr	0.38	1.80

Source:  
Interactive  
Data

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