

**HEADLINE NEWS**
**Waiting for the Brexit Vote**

- The upcoming Brexit referendum on 6/23 continues to garner a majority of the headlines and investors' attention. The "Leave" camp had gained ground over the last two weeks with a number of polls showing a small lead for those wanting Britain to leave the European Union. Market volatility spiked as investors weighed the consequences of a Leave victory. Sentiment began to shift in the middle of last week after the murder of Jo Cox, a British Member of Parliament known for her pro-immigration stance and a supporter of the Remain movement. Polls over the weekend showed that Remain had retaken the lead.
- The consequences of a potential Brexit are difficult to predict. Investors generally fear the unknown, so volatility is likely to remain high until the referendum decision is announced on Friday morning.

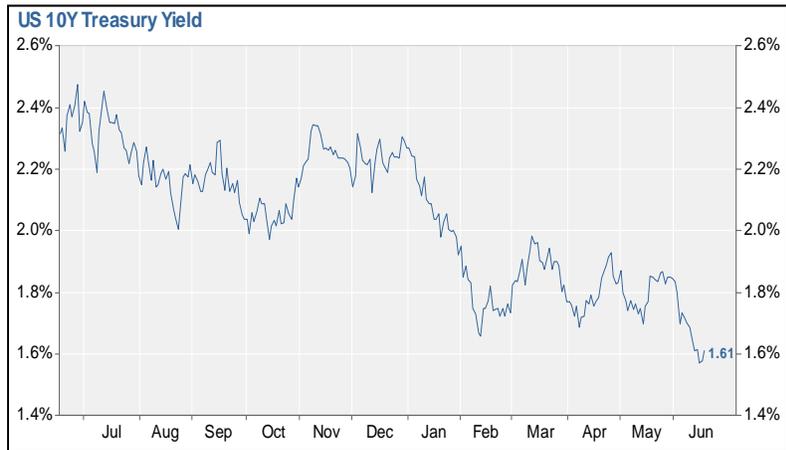
**California's Economy Becomes 6<sup>th</sup> Largest in the World**

- With a gross domestic product of \$2.5 trillion in 2015, the State of California's economy is now outmatched by only five countries worldwide, including the United States.
- California's economy grew 4.1% in 2015 and jumped the likes of France and Brazil to become the sixth largest economy in the world. The State now only trails the U.S., China, Japan, Germany, and the U.K. in size of domestic productivity.
- The figures underline not only the significance of California's economy, but the local dynamics that are driving outperformance when compared to the rest of the U.S. National growth in 2015 was only 2.4%, which includes California's outsized expansion.

**Key Macroeconomic Events To Watch this Week**

Date	Time	Event	Period	Consensus	Prior
6/21	10:00 AM	Yellen testifies before SBC – U.S.			
6/22	10:00 AM	Yellen testifies before HFSC – U.S.			
6/22	10:00 AM	Existing Home Sales SAAR	MAY	5,550K	5,450K
6/22	10:30 AM	EIA Crude Oil Stocks	06/17		-0.9M
<b>6/23</b>		<b>- UK vote on Brexit - United States</b>			
6/23	8:30 AM	Initial Claims SA	06/18	270K	277K
6/23	9:45 AM	Markit PMI Manufacturing SA (Prelim)	JUN	50.6	50.7
6/23	10:00 AM	New Home Sales SAAR	MAY	560K	619K
6/24	8:30 AM	Durable Orders SA M/M (Preliminary)	MAY	-0.8%	3.4%

Source: API



Source: FactSet

**MARKET UPDATE**
**Muni Market Overview**

- The muni market was stronger across the curve with 5Yrs lower by 6bps and 10Yrs down by 9bps due to the FOMC noting slower economic growth trends in their no hike release on Wednesday. Munis also continue to see support from the supply and demand imbalance, with only \$6.7 billion in issuance last week.
- This week's issuance calendar is higher at almost \$10 billion and 30 day visible is about \$13 billion. The largest deal this week is the \$578 million City of Dallas, TX Waterworks and Sewer bonds (Aa1/AAA/AA+). Municipal bond funds saw another \$1.2 billion of inflows for the week ending 6/15/16, bringing the YTD total to \$30.8 billion. The strong flows are due in part to the addition of non-traditional, non-US buyers seeking better relative yields.

**Corporate Market Overview**

- Market participants were primarily focused on Wednesday's news out of the Fed and the growing concerns surrounding the Brexit vote. This left issuers reluctant to come to market and only about \$5.75 billion was issued over the week.
- The most notable deal was a five part, \$1.294 billion from Duke Energy Florida Finance LLC (DUK AAA,Aaa,AAA). The proceeds

will be used to finance some remaining unrecovered costs from the retirement of the Crystal River Nuclear power plant. The deal came at +60 in five years, which was 10bps wider than initial price talk.

- Credit spreads ended the week slightly wider to neutral with the low volume and uneasiness. On Thursday of last week the US treasury 10Yr bond hit 1.61%, which was the lowest mark since December of 2012.

**FIXED INCOME INDEX RETURNS AS OF 6/17/2016**

	MTD	YTD
Barclays 3Yr	0.32	1.26
Barclays 5Yr	0.62	2.06
Barclays 7Yr	0.86	2.93
Barclays MM Short 1-5Yr	0.38	1.28
Barclays MM 1-10Yr	0.81	2.59
ML US Gov/Corp 1-10 Yr	0.84	3.15

 Source:  
Interactive  
Data