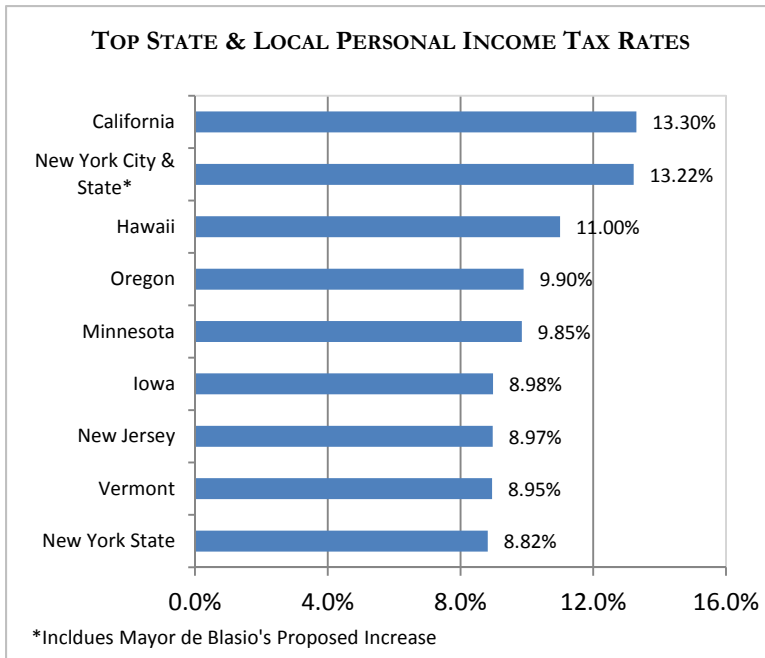


**NYC Mayor's Transportation Proposal Could Hike Income Tax for High Earners**

- New York officials are set to debate dueling plans by the Governor and New York City's Mayor to help fund repairs and renovations for the Metropolitan Transportation Authority (MTA), which is responsible for public transportation within the City and surrounding counties of the metropolitan area. Train derailments, loss of power, accidents, and the recent chaos arising out of Penn Station renovations have heightened the need for the MTA, the State, and the City to implement and fund a comprehensive capital program for the transit system.
- Governor Cuomo has suggested a congestion-pricing model, which would levy fees on drivers who travel within New York City's central-business district during peak times. On the other hand Mayor de Blasio is proposing increasing the City's highest income tax rate to 4.4% from 3.9% for individuals with incomes over \$500,000 and families who earn more than \$1 million. Although enactment is uncertain, the income tax would be on top of New York State's highest rate of 8.82% and would reflect one of the stiffest levies across the country.
- A combined state and local income tax of 13.22% for New York City residents would rival citizens of California, where incomes above \$1.0 million are taxed at 13.3%.



Source: Fidelity 2017 Tax Planning Guide

**Muni Market Overview**

- The municipal yield curve was up slightly across the curve with the 7Yr ending the week at 1.46%, 3bps higher than the previous week.
- We continue with the summer shortage of supply with just \$4.5 billion coming this week, well below the weekly average for the year of \$7.5 billion. This week's largest deal is \$266 million Washington Health Care Facilities Virginia Mason Medical Center (Baa2/BBB/NR). The pipeline for the next month remains minimal, with 30-day visible supply at \$7.7 billion, overall, issuance year-to-date is down 14.3% from last year.
- Muni Mutual Funds continue with strength in their fifth consecutive week of inflows, bringing the year-to-date total to \$8.9 billion.

**Corporate Market Overview**

- There was no sign of a meaningful slowdown in the Investment Grade Corporate debt market last week. A total of 17 deals brought the week's total to \$30.405 billion. More than 65% of the week's total was due to Amazon's (AMXN Baa1/AA-) 7 part, \$16 billion jumbo deal on Tuesday. The order book for the deal was reportedly upwards of \$50 billion. The longer dated tranches were done at slight concessions to current curve; but, shorter dated maturities were priced well through where current bonds are trading. The very popular \$1 billion 3Yr maturity had whisper talk at +55, however, final pricing put it at +40. The 40Yr maturity priced at +145. Modest spread tightening across the asset class made up for some of the widening over the past couple of weeks.
- US treasuries were mostly unchanged over the week. The 10Yr traded up 8 bps through Tuesday of last week; but, a flight to quality rally sent the benchmark bond back down to a 2.19%. Markets will be focused on what comes out of the Federal Reserve Bank of Kansas City's sponsored Economic symposium, "Fostering a Dynamic Global Economy," in Jackson Hole, Wyoming. There is no doubt that balance sheet unwinding and inflation concerns will be focal points. The ECB's President, Mario Draghi, will be in attendance, which should make for good discussion as the ECB is also trying to slow down it's pace of asset purchases.

FIXED INCOME INDEX RETURNS AS OF 08/18/2017		
	MTD	YTD
Barclays 3Yr	0.36	2.63
Barclays 5Yr	0.53	4.49
Barclays 7Yr	0.51	5.35
Barclays MM Short 1-5Yr	0.34	2.87
Barclays MM 1-10Yr	0.41	4.51
ML US Gov/Corp 1-10 Yr	0.33	2.13

Source: Interactive Data