16th AMENDMENT ADVISORS LLC™

A LOOK AHEAD – WEEK OF 3.4.19

COMMENTARY

Performance!! Municipals outperformed treasuries for the week by 8 basis points in 5years, 14 basis points in 10years and 12 basis points in 30years. The continued strength of fund inflows combined with a light new issue calendar served as a catalyst for the rally. Ten-year municipal bonds are now trading at their most expensive ratios relative to Treasuries at 77.2%, the lowest since 2007. The negotiated new issue calendar for next week is light again at $4.7bn. Almost 70% of the calendar will be comprised of two benchmark deals. The State of California will be issuing $2.3bn of general obligation debt and the City of New York will be issuing about $1bn in general obligation debt as well. We will be keeping a close eye on the calendar as we start entering the tax season.

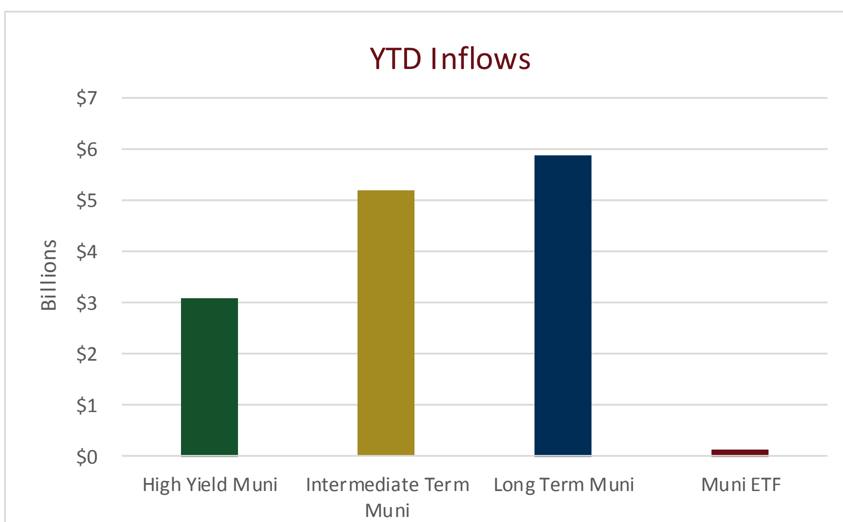
Municipal (MMD) Treasury Ratios (as of 3/1/2019)

	Muni	Treas	Muni/Treas	Wkly Chg
5 Year	1.68%	2.56%	65.6%	-2.8%
10 Year	2.13%	2.76%	77.2%	-2.1%
30 Year	3.00%	3.13%	95.8%	-3.2%

FUND FLOWS

Lipper reported combined weekly and monthly inflows of $1.7bln for the period ending February 27th. **This marks the 8th consecutive week of inflows.** Year-to-date inflows are $12.4bn and the best start to a year since the data series began in 1992. High Yield funds had $473mn of inflows, Intermediate funds saw $469mn and Long-Term funds had $1.1bn of inflows.

Year-to-date inflows below:
High Yield Municipal $3.1bn
Intermediate Municipal $5.2bn
Long Term Municipal $5.9bn
Municipal ETF's at $144mn



This document is CONFIDENTIAL. No part of this document may be copied or distributed in any manner without the express consent of 16th Amendment Advisors LLC. The views expressed in this document are those of 16th Amendment and there can be no assurance that the firm will be able to predict accurately the future course of the municipal market. The data is provided by third parties and assumed to be accurate.

One Rockefeller Plaza • 12th Floor • New York, NY 10020 • (212) 332-1600 • Fax (212) 332-1601

16th AMENDMENT ADVISORS LLC℠

SPOTLIGHT

We attended the annual Municipal Bond Buyers Conference last week and can share a few opinions heard there. First, in the news, states like New York and California have reported that tax receipts are coming in lower than expected while tax refunds are reported as being lower than expected as well. One strategist believes that much of the reduced state tax receipts will likely turn out to be a timing issue. Many, if not most, people did not adjust their withholding after the 2017 tax reform. Lower refunds for the early filers may indicate that later filers have also paid less in taxes than expected, so tax receipts may rise later in the cycle as those who owe taxes file later. In high yield, one analyst believes that senior living facilities may be getting overbuilt right now, and that the CCRC (Continuing Care Retirement Communities) sector could get hit in the next downturn. If retirees can't sell their homes due to a recession, then they can't buy into a retirement community. Several market participants expect that hospital consolidation will continue, as the largest health system is currently only about 3% of the market. There are about 5,500 hospitals and about 180 health systems, with the largest system at about 200 hospitals. Some believe that mergers are now done more for cost savings and talent than for revenue purposes. The average age of healthcare CEO's is high and there aren't many people who are able to run $10 to $15 billion healthcare companies. This should lead to consolidation over time.

We are of course available to discuss these matters and any other municipal related concerns or observations you may have.

Data Sources: MMD from TM3 and Treasury data from Bloomberg; Lipper data from JP Morgan

This document is CONFIDENTIAL. No part of this document may be copied or distributed in any manner without the express consent of 16th Amendment Advisors LLC. The views expressed in this document are those of 16th Amendment and there can be no assurance that the firm will be able to predict accurately the future course of the municipal market. The data is provided by third parties and assumed to be accurate.

One Rockefeller Plaza • 12th Floor • New York, NY 10020 • (212) 332-1600 • Fax (212) 332-1601