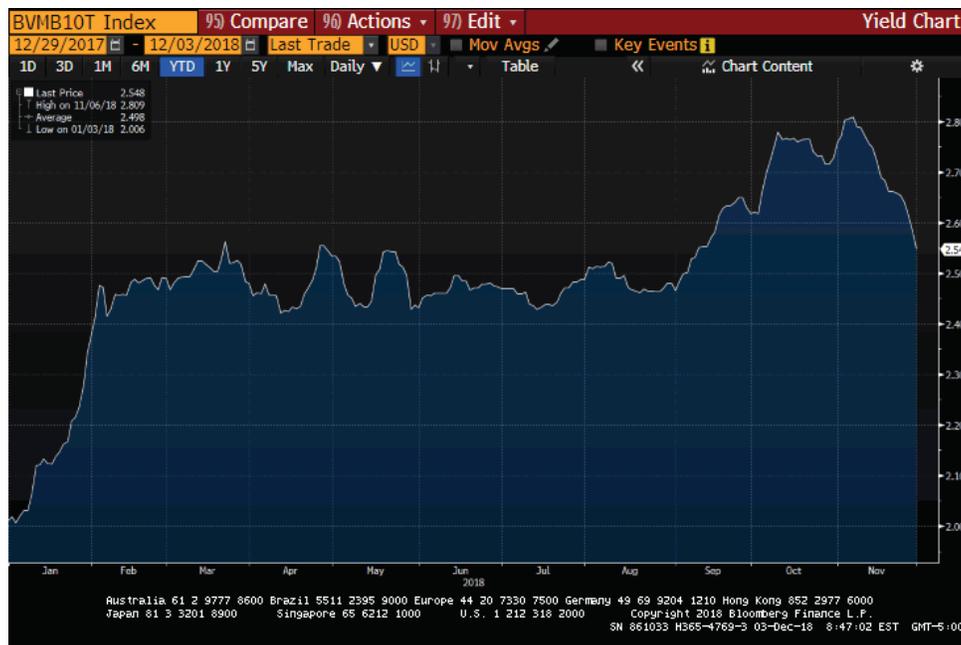




## November Rally for Municipals

- November was a strong month for municipal bonds as tax-free yields rallied along with Treasuries in a flight-to-quality environment. Mutual fund outflows of nearly \$400 million had minimal effect on the rally that pushed 10-year yields lower to 2.51%, which is 30 basis points (bps) below the highs set on November 6.
- Pennsylvania's revenues are running \$185 million above budget so far, with corporate taxes accounting for approximately half that amount. New York is projecting a \$3.1 billion deficit for FY20, which could increase by \$500 million as the state did not account for additional spending on education.
- The South Carolina Supreme Court ruled that Charles Condon would assume the role of Board Chairman at Santee Cooper. The state senate sued to block his appointment claiming that the governor circumvented the legislative approval process. The removal of the leadership ambiguity is credit positive for the utility as both Moody's and Fitch cited this leadership vacuum in part as justification in each agency's recent respective downgrades. Condon's chairman appointment also raises the probability the utility could be sold.

## 10-Year AAA Municipal Bond Yields



Source: Bloomberg

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