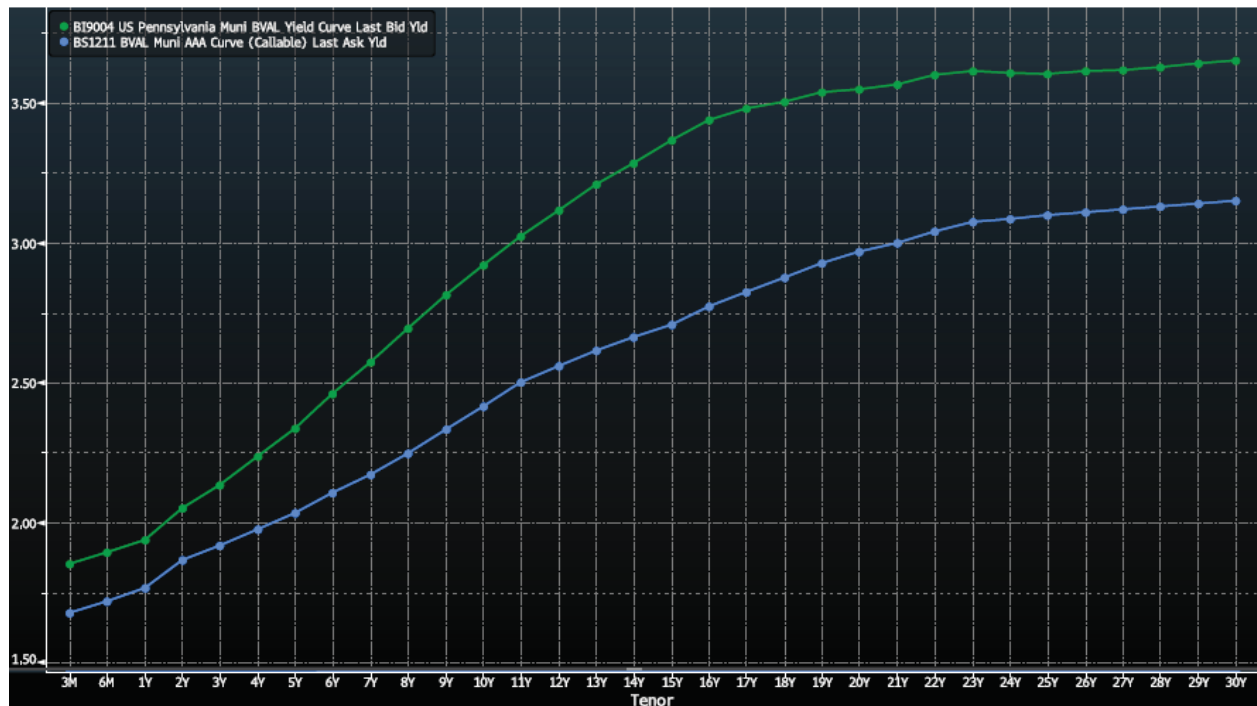




## State Budgets Improving

- The National Association of State Budget Officers (NASBO) released their mid-fiscal year snapshot of the states this week. On the whole, states continue to perform well with revenue forecasted to grow 2.1% on average in FY19. Nineteen states are running well ahead of projections with five collecting less than budgeted this past Spring.
- In a recent report, Moody's mentioned Pennsylvania's general fund revenue is growing at the fastest pace in nearly 10 years trending almost 3% above forecasts, a fact we highlighted last week.
- The incrementally better revenues puts less pressure on state budgets to resort to accounting gimmicks and one-shot budget solutions that can amplify credit deterioration down the road. It also means states will be less likely to cut aid to local governments in the coming year.

## 10-Year PA vs. AAA Municipal Bond Yields



Source: Bloomberg

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