

First Half Public Finance Primary Issuance Down 20%, Foreshadows Potential Scarcity of Municipal Investment Options

- Issuance was 20% lower in the first half of 2023 compared to the first six months of 2022.
- Activity averaged \$29 billion a month, matching our expectation.
- Municipal mutual fund flows are turning, tells us municipal investor sentiment is strengthening.
- A scarcity of municipal bonds could develop because of the supply and demand dynamic in the near term, and because of federal tax policy in the medium term.
- The above dynamic, along with historically attractive municipals yields, reinforces the case we have been making to investors about the appealing nature of the municipal bond market.

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