



FLORIDA LOCAL GOVERNMENT FINANCE COMMISSION

Historic Commercial Paper Rate Comparison and Market Update

May 2016

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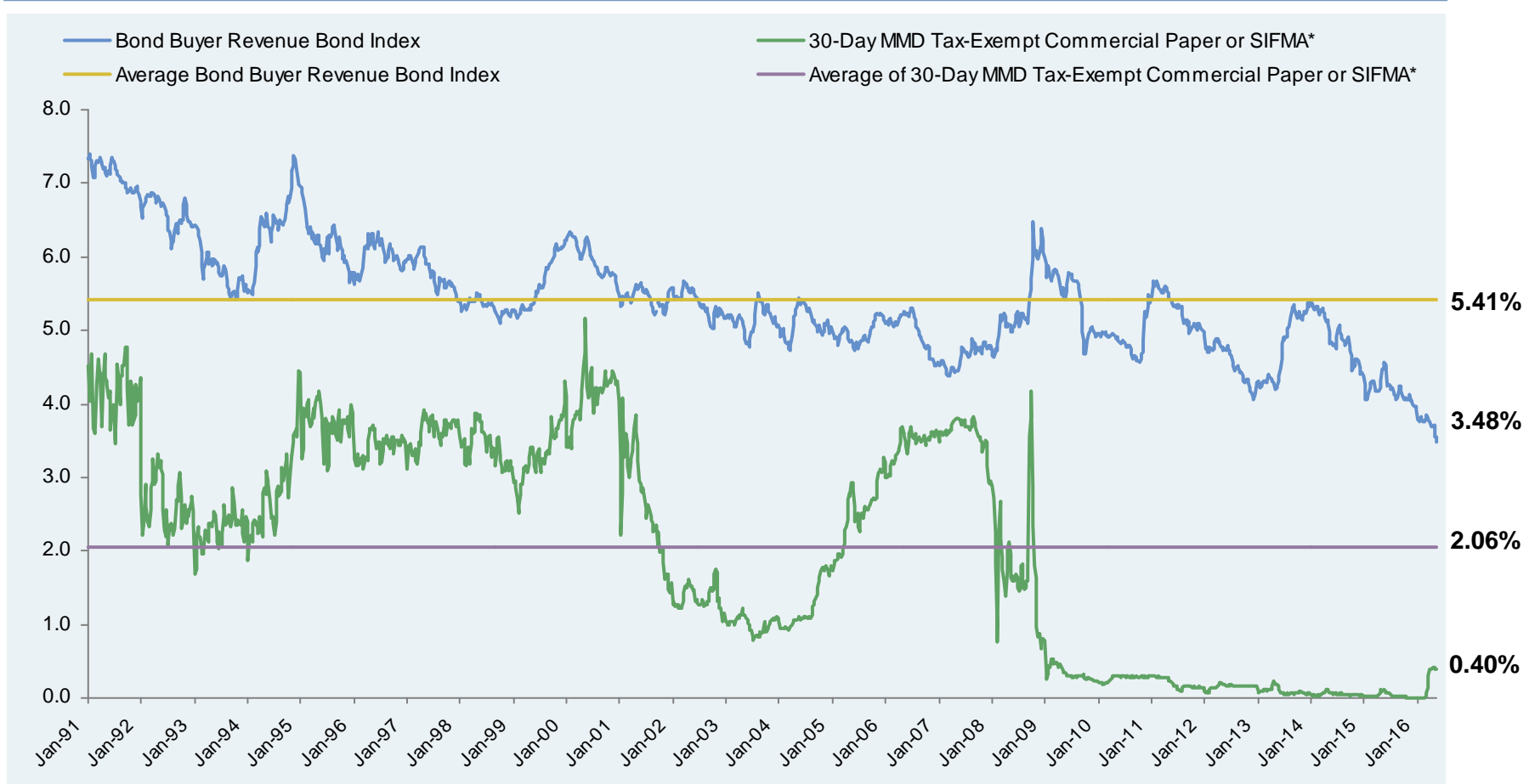
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Municipal Short Term Rates vs. Bond Buyer Revenue Bond Index

January 1, 1991 – May 25, 2016



Source: BondBuyer; Thompson Reuter TM3

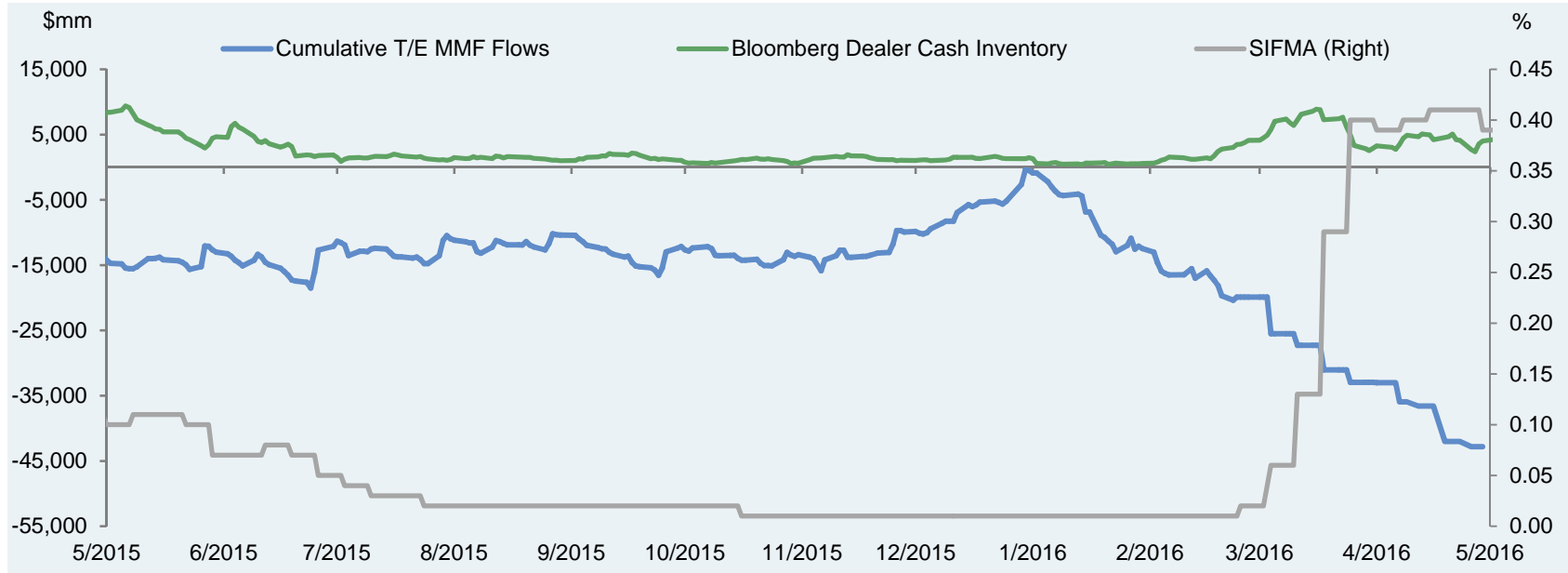
* As of December 31, 2012 Thompson Reuter no longer reports the 30-Day MMD Tax-exempt Commercial Paper.

SIFMA has been increasing as some effects of MMF reform are taking hold

- SIFMA has increased over the past seven weeks from 1 bp to 39 bps, as dealer VRDB inventories have increased
- The industry continues to adjust to implications of money market fund reforms that have an implementation date of October 2016¹
 - Some smaller funds have announced fund liquidations and some larger funds are evaluating their overall product offerings, potentially consolidating funds or strategies
- Recently, dealer inventories have stabilized as an increasing SIFMA rate has attracted traditional taxable buyers into the tax-exempt market
- With many of these money market fund changes coinciding with traditional seasonal tax-related outflows, there may be some volatility in VRDB rates through the end of Q2

¹J.P. Morgan Research, *US Fixed Income Markets Weekly - Short-Term Fixed Income*, 3/11/2016, jpm.com

Shifting investor demand and dealer inventories impact SIFMA

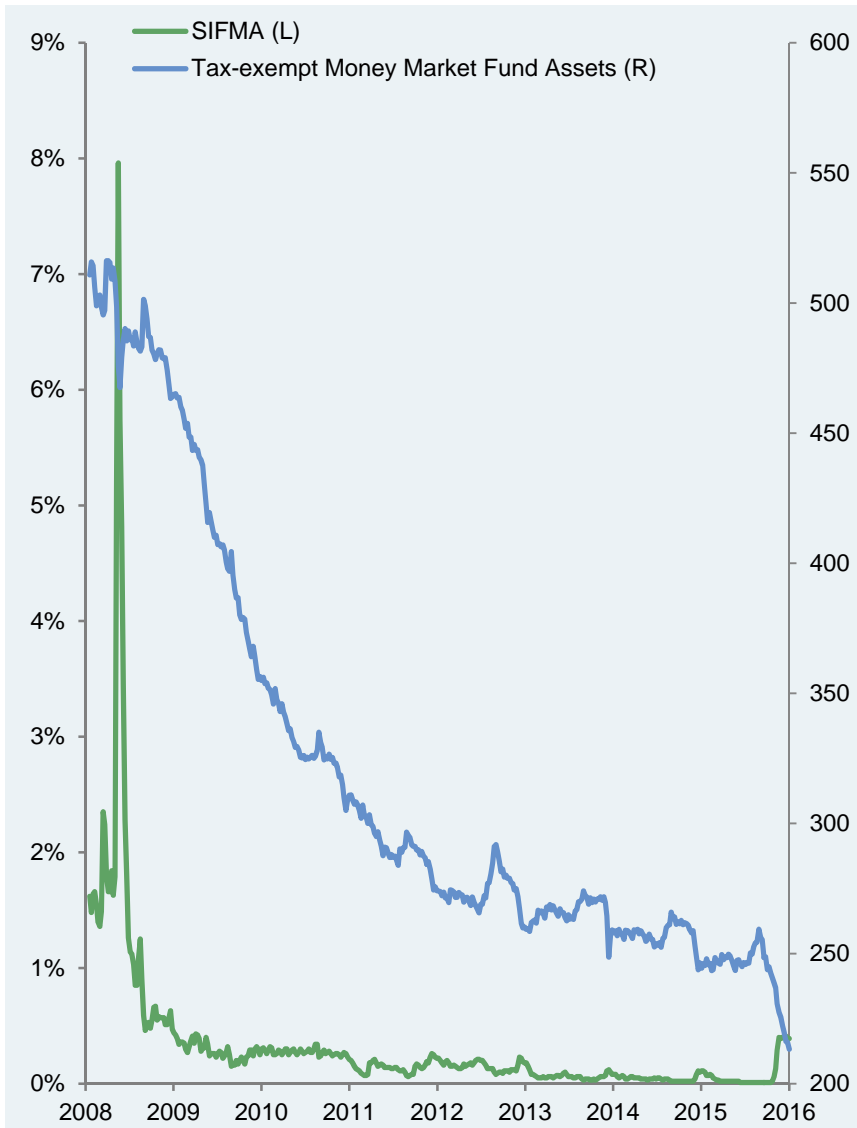


Source: J.P. Morgan, iMoneyNet, Bloomberg

Historical short-term tax-exempt market trends

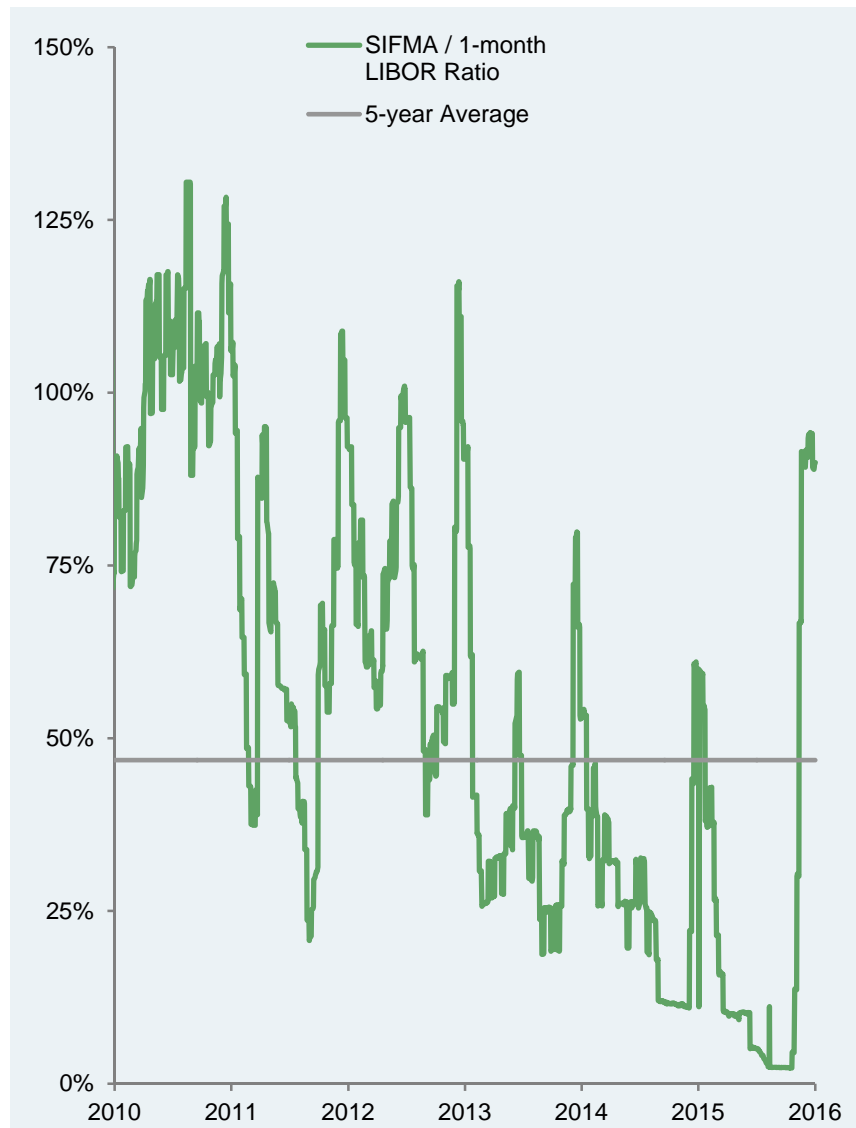
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SIFMA vs. ICI Tax-Exempt Money Market Fund Assets



Source: Bloomberg; ICI Money Market Funds, as of 5/13/2016, J.P. Morgan, SIFMA

SIFMA / 1-month LIBOR Ratio

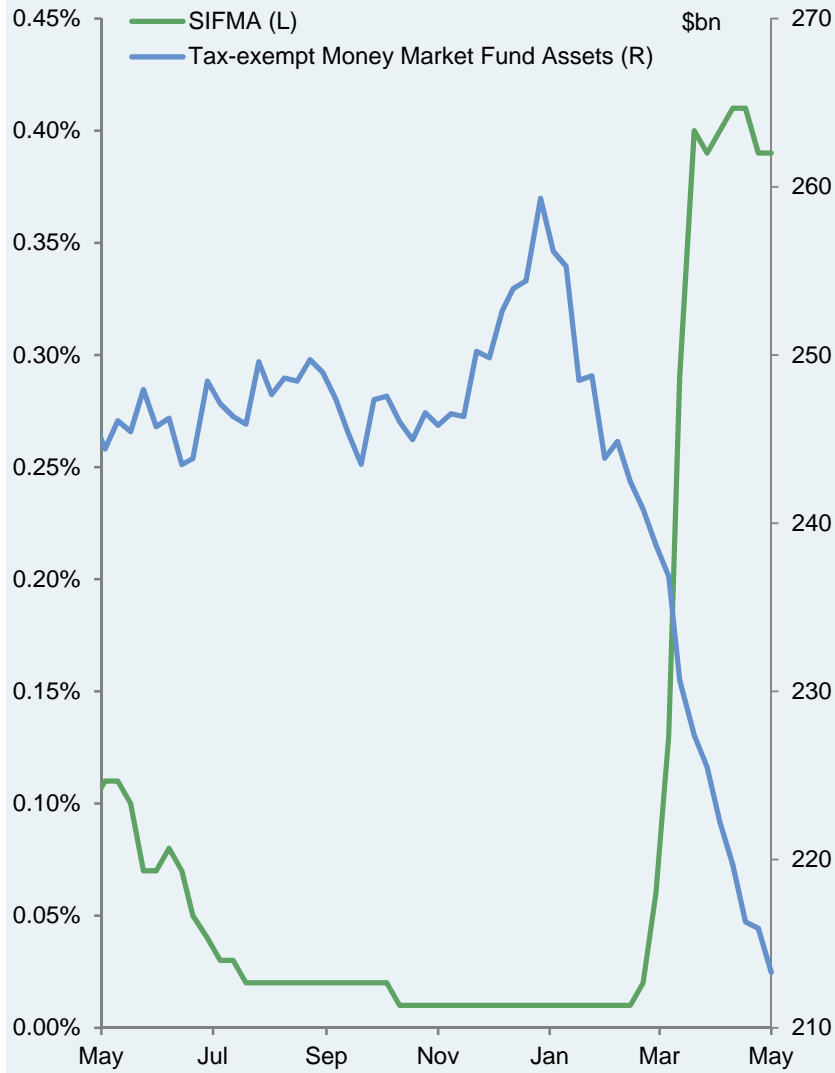


Source: J.P. Morgan, SIFMA

Interest in the tax-exempt market from traditional taxable buyers helped stabilize SIFMA at 0.39%

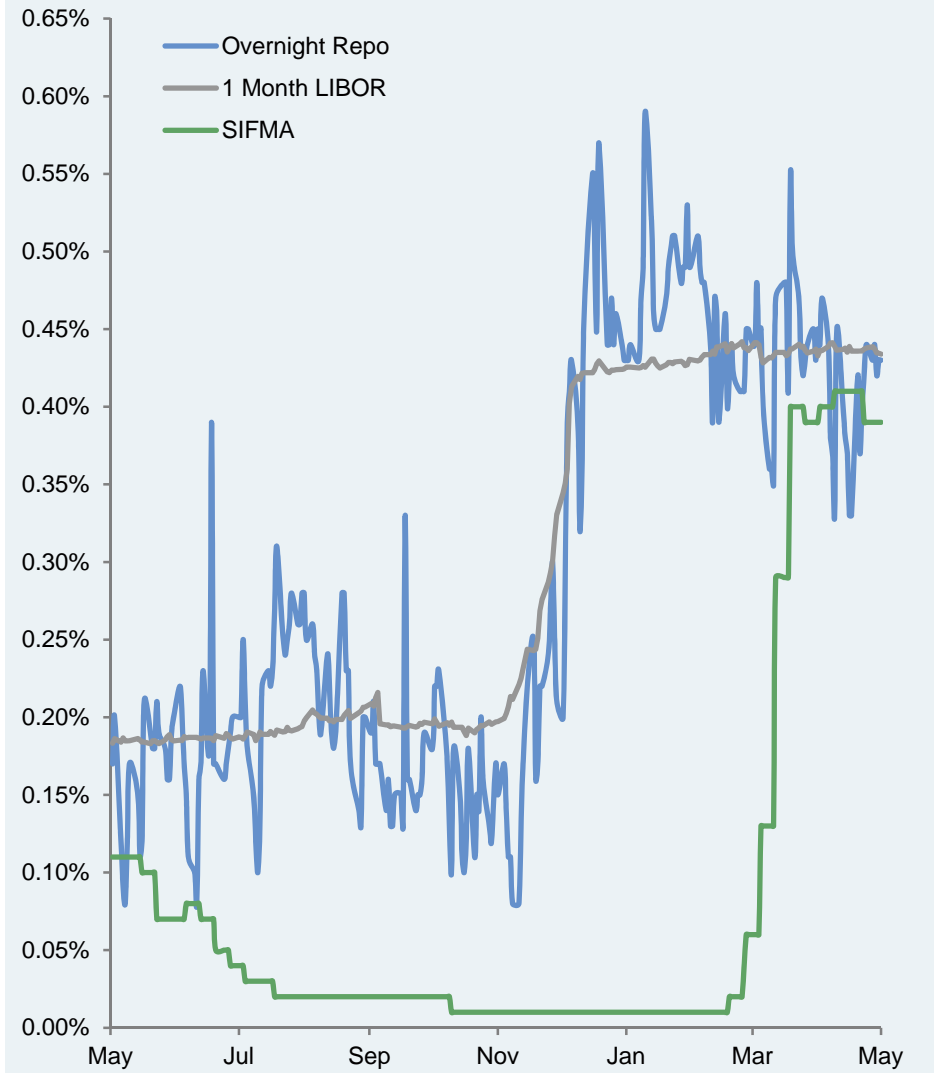
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SIFMA vs. ICI Money Market Funds Tax-Exempt Assets



Source: Bloomberg; ICI Money Market Funds, and SIFMA, as of 5/13/2016

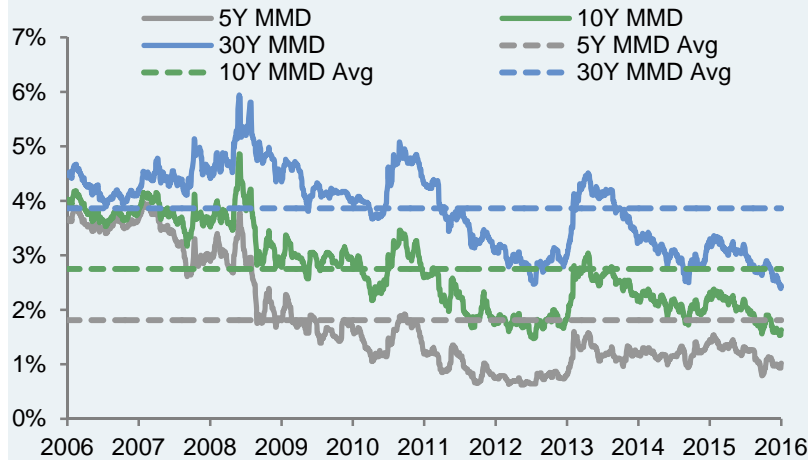
SIFMA has increased while LIBOR has held generally constant



Source: J.P. Morgan, SIFMA, as of 5/13/2016

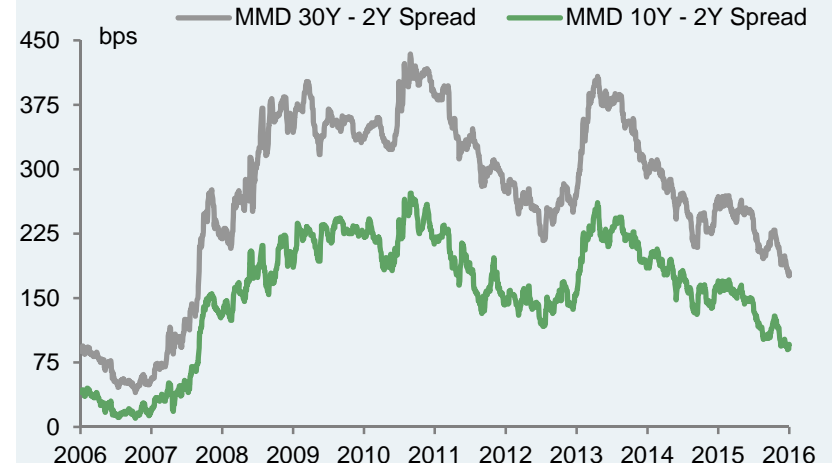
Tax-exempt yields are significantly below their historical averages

MMD yields over the last 10 years



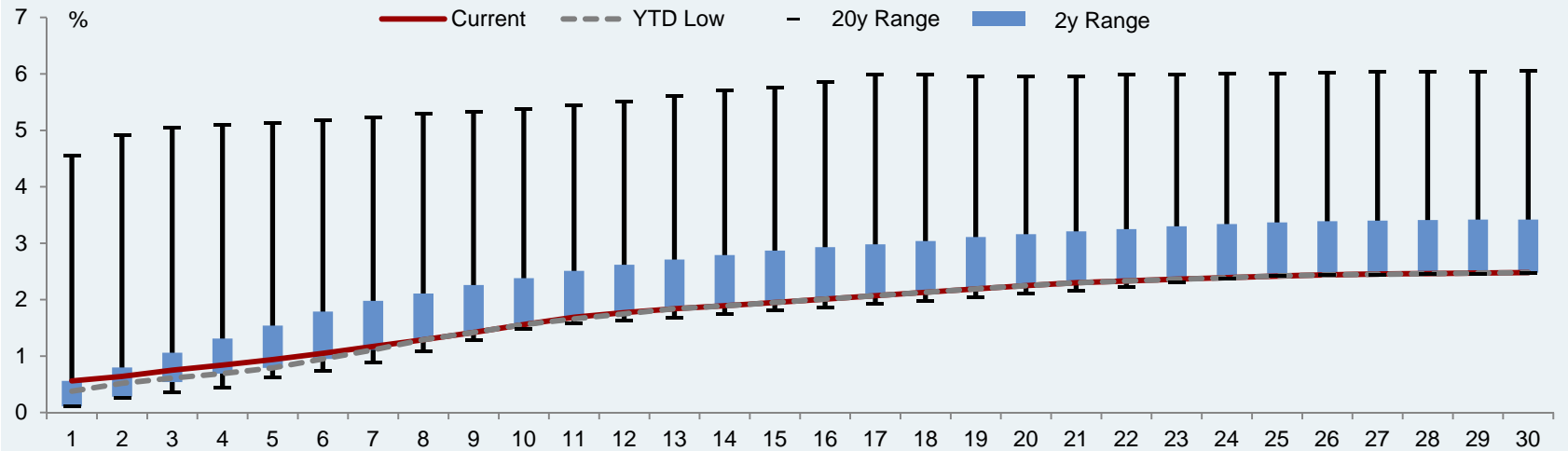
Source: Thomson Reuters Municipal Market Data, J.P. Morgan; as of 5/20/2016
 Dashed lines represent 10-Year averages

AAA MMD curve steepness



Source: Thomson Reuters Municipal Market Data, J.P. Morgan; as of 5/20/2016

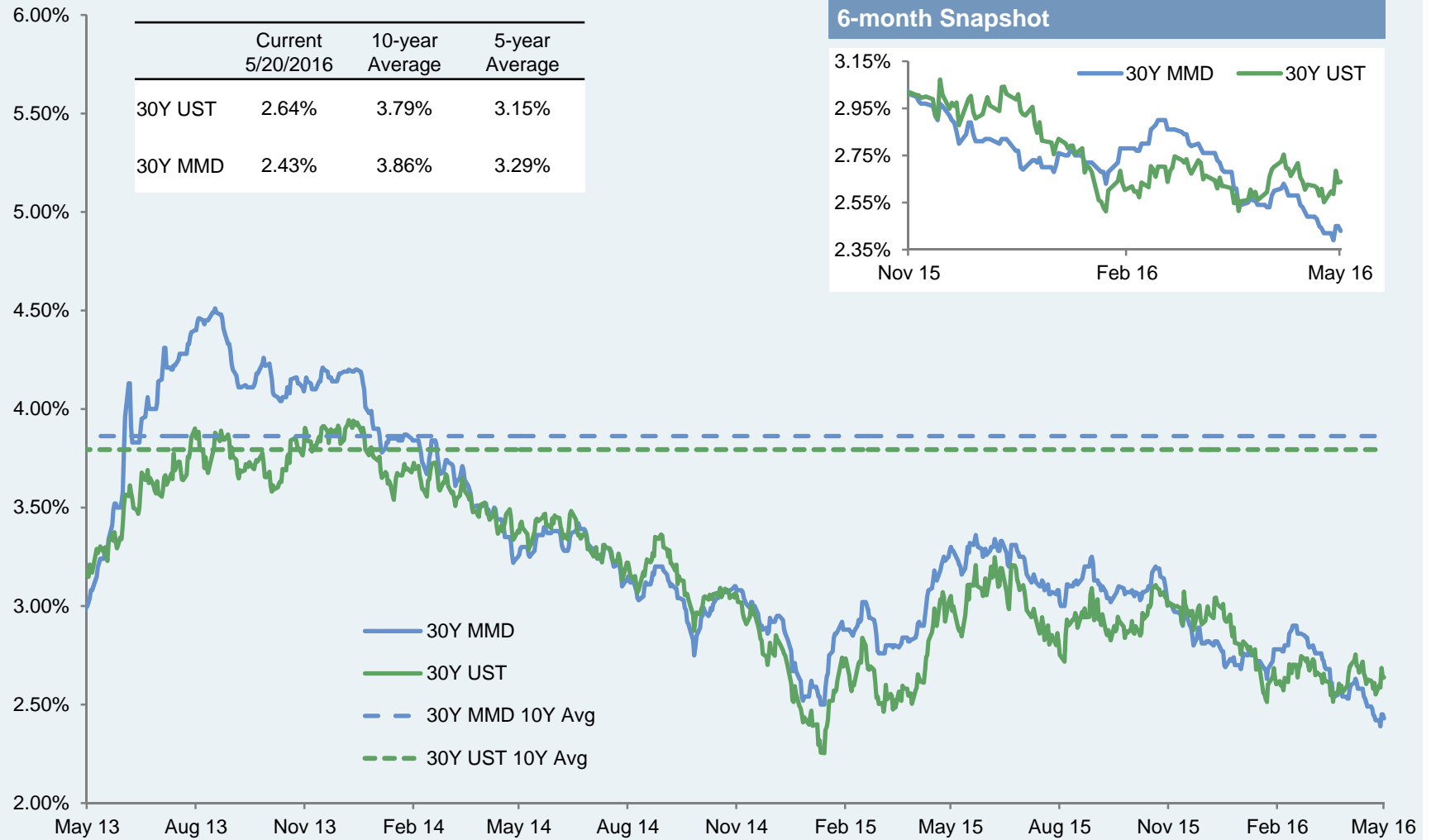
Long-term MMD yields are at their 20-year lows



Source: Thomson Reuters Municipal Market Data, J.P. Morgan; as of 5/20/2016

After peaking in September 2013, long-term tax-exempt yields declined significantly

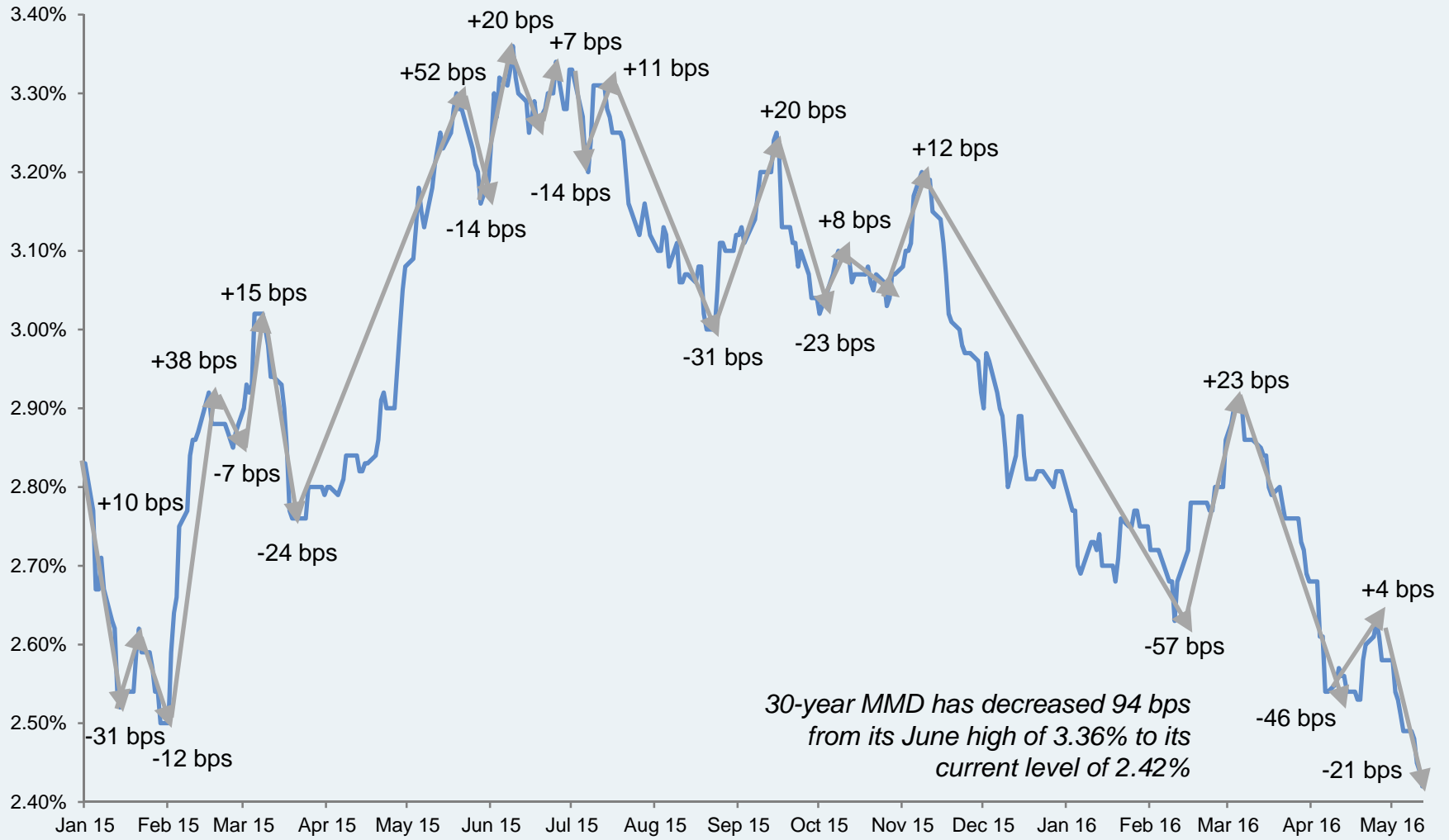
30-year MMD yields have been volatile year-to-date



Source: Thomson Reuters Municipal Market Data, J.P. Morgan; as of 5/20/2016

Long-term MMD yields have exhibited volatility over the past year

30-year MMD Since January 1, 2015



Source: Thomson Reuters Municipal Market Data