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N E W S L E T T E R

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THE MUNICIPAL MARKET

The year 2006 saw fairly steady long-term rates with rising short-term rates. Long-term tax-exempt interest rates ranged just 0.68 of a percent high to low spread throughout the year. The *Bond Buyer* 20-Bond General Obligation Index hit 4.03% on December 7th, the lowest rate for the year. High for the year was 4.71% on June 29th. The 25-Bond Revenue Index was also fairly stable with a December 14th low of 4.52% and a July 6th high of 5.31%.

The economy seems to be improving, with a major focus on inflation and housing. Long term rates are (still) expected to rise, with the question of when. The Bond Buyer Index opened 2006 at 4.35% and closed at 4.17%.

Interest Rates

Interest rates, bond sale volumes, and related statistics in this Newsletter come from reports published in *The Bond Buyer* newspaper. The 20-Bond Bond Buyer Index is the average tax-exempt market value, expressed in terms of yield, on the general obligation bonds of twenty selected issuers with Moody's ratings ranging from Baa1 to Aaa, averaging A1, and maturing in twenty years.



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