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N E W S L E T T E R

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THE MUNICIPAL MARKET

The year 2007 saw fairly steady long-term rates with steady to falling short-term rates. Long-term tax-exempt interest rates ranged just 0.73 of a percent high to low spread throughout the year. The *Bond Buyer* 20-Bond General Obligation Index hit 4.08% on March 8th, the lowest rate for the year. High for the year was 4.81% on August 23rd. The 25-Bond Revenue Index was also fairly stable with a March 15th low of 4.38% and a August 23rd high of 4.89%.

The economy seems to be mixed with a major focus on inflation, financial stocks and housing. Many other sectors seem to be prospering. Long term rates are expected to stay in this 4%-5% range. The Bond Buyer Index opened 2007 at 4.15% and closed at 4.44%.

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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