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N E W S L E T T E R

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THE MUNICIPAL MARKET

The year 2008 was momentous. The year opened with rates averaging about four and one-half percent, saw an early jump to 5% because of problems with auction rate securities, regained the mid-4% area and then the market collapsed in September. Rates hit 6% on general obligation bonds and have meandered lower since October. Long-term tax-exempt interest rates ranged over a nearly 2 percent high to low spread throughout the year. The *Bond Buyer* 20-Bond General Obligation Index hit 4.15% on January 17th, the lowest rate for the year. High for the year was 6.01% on October 16th. The 25-Bond Revenue Index followed with a January 17th low of 4.63% and a October 16th high of 6.48%.

The Bond Buyer Index opened 2008 at 4.32% and closed at 5.24%.

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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