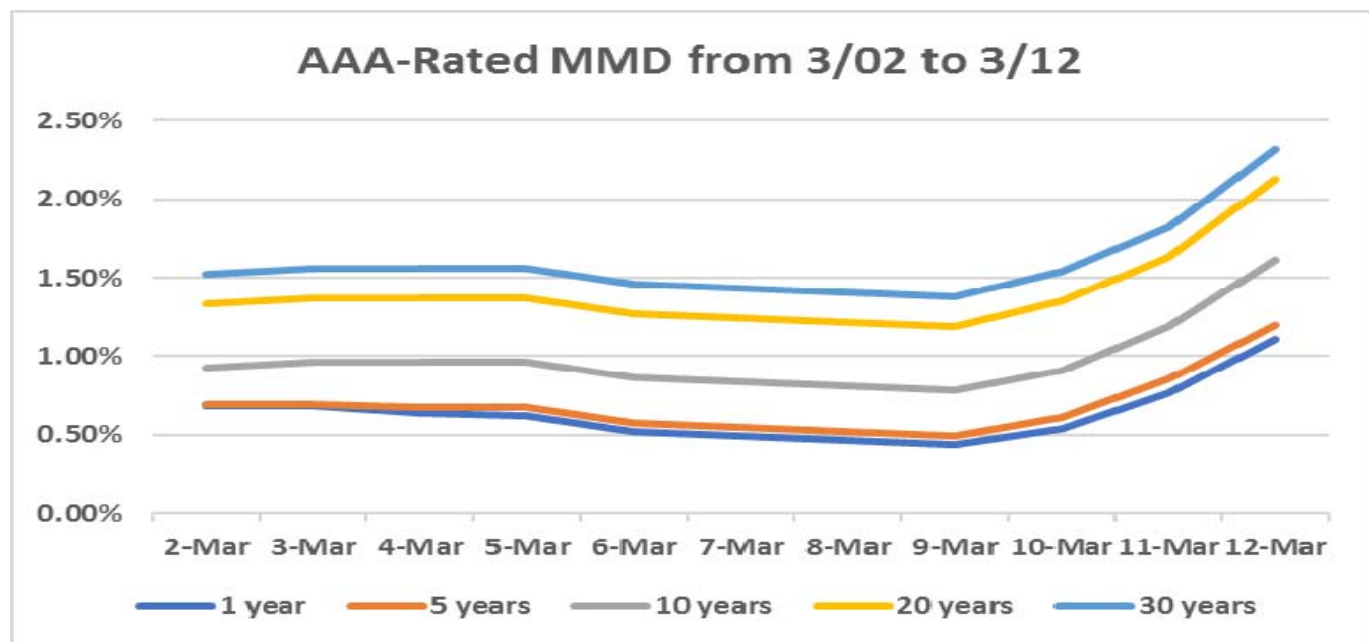


## Extreme Market Volatility as Levels Sought by Investors

As the COVID-19 virus spreads across the globe, the flight to quality sent yields on municipal bonds to historic lows. That decline came to an abrupt end beginning on Tuesday of this week as municipal bond rates jumped upward by over 95 basis points (0.95%) in the past three trading days. The Municipal Market Data (“MMD”) interest rate scales shown below reflect the movement in tax exempt interest rates over the past nine business days and the especially dramatic rise in rates over the past three days.

AAA-rated	3/12	3/11	3/10	3/09	3/06	3/05	3/04	3/03	3/02
<b>1 year</b>	1.11%	0.76%	0.54%	0.44%	0.52%	0.62%	0.64%	0.68%	0.68%
<b>5 years</b>	1.20	0.85	0.61	0.49	0.57	0.67	0.67	0.69	0.69
<b>10 years</b>	1.61	1.19	0.91	0.78	0.86	0.96	0.96	0.96	0.93
<b>20 years</b>	2.13	1.63	1.35	1.19	1.27	1.37	1.37	1.37	1.33
<b>30 years</b>	2.32	1.82	1.54	1.38	1.46	1.56	1.56	1.56	1.52

As investors struggle to find levels for municipal debt, there have been incidents of failed sales in which issuers were unable to sell the full amount of debt being offered for sale. In addition, the “cover bid” in some competitively sold bond issues this week was as much as 50 basis points over the winning bid – a further indication over the lack of consensus in the market.

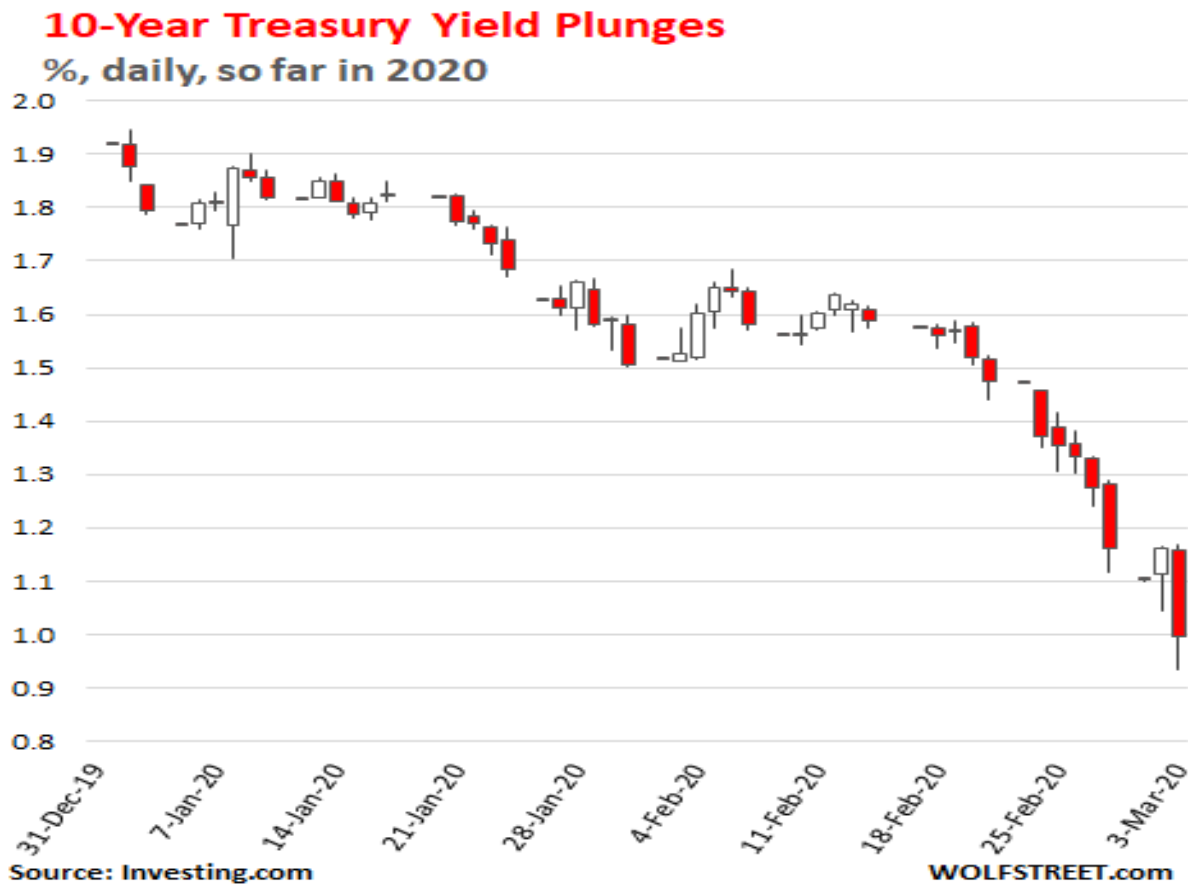


CMA is in constant communication with underwriters and other market participants and is holding regular staff meetings to address market concerns. We are evaluating all scheduled and planned debt offerings to determine the best way to address our clients’ financing needs in this most volatile of markets.

## Treasury Market Impacted by Equities Plunge

The plummeting equity market is now impacting liquidity in the US Treasury market as investors scramble to find security in these investments. As the equity market struggles, the flight to quality and safety finds investors looking to buy Treasuries resulting in a dearth of supply. As many municipal bond funds and investors hedge positions with Treasuries, a lack of Treasury supply is leading to a reduced ability to buy new municipal bonds and notes.

The movement in 10-year Treasury rates since December 31, 2019 is reflected below.



It has been suggested that the Treasury should have more frequent auctions of 10-year and 30-year bonds, as well as T-bills, to provide more supply while reducing the nation's borrowing costs.

**CMA will continue to monitor market data and events daily and discuss conditions with buyers of municipal securities to proactively plan for our clients' financing needs. As always, if you have any questions regarding specific circumstances, please contact CMA to discuss.**