Municipal Market Insight

October 2020

Portfolio Advisory Group – U.S. Fixed Income Strategies

What's inside

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Economy remains on the mend

With September in the rearview mirror and the election a little over a month away, we expect political uncertainty could impact market performance amid the clouded direction of the country post-election. The U.S. Congress and the White House remained deadlocked over another round of stimulus, but the potential for a deal was elevated when it was announced President Donald Trump tested positive for COVID-19. After calling off talks, Trump reversed course once again and said he would be open to a larger stimulus package as talks with House Speaker Nancy Pelosi and Treasury Secretary Steve Mnuchin were restarted.

With a stimulus deal still in limbo, not all the headlines were bad—on October 2 the U.S. Labor Department reported employers added 661,000 jobs in September, driving the unemployment rate down to 7.9% from 8.4% in August. Despite a slowing jobs market the labor market remains on track to achieve the Fed's year-end unemployment forecast of 7.6%.

The government will release preliminary Q3 GDP figures prior to the election, which is expected to show a significant economic rebound heading into year end. It remains unclear what impact Q3 GDP will have on the economy, but we expect the period before the release to be nothing short of challenging. COVID-19, the presidential election, stimulus talks, and our expectations of a bruising Supreme Court confirmation could lead to voter exhaustion.

U.S. Treasury rate forecasts (% as of Sept. 10, 2020)

	2020			2021			
	Q2	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
FF	0.25	0.25	0.25	0.25	0.25	0.25	0.25
2-yr	0.16	0.20	0.20	0.20	0.20	0.25	0.25
5-yr	0.29	0.30	0.30	0.35	0.40	0.45	0.50
10-yr	0.66	0.65	0.75	0.80	0.85	0.95	1.00
30-yr	1.41	1.45	1.50	1.55	1.60	1.65	1.70

Source - RBC Economics

Treasuries vs. municipals (%)

	5-yr TSY	5-yr Muni	10-yr TSY	10-yr AAA Muni	30-yr TSY	30-yr AAA Muni
Beginning of month (9/1/20)	0.25%	0.27%	0.67%	0.82%	1.42%	1.56%
Mid-month (9/15/20)	0.27%	0.24%	0.68%	0.84%	1.43%	1.58%
End of month (9/30/20)	0.28%	0.26%	0.69%	0.87%	1.46%	1.62%

Source - Bloomberg (Treasuries), Thomson Reuters TM3 (Municipals)

RBC Wealth Management

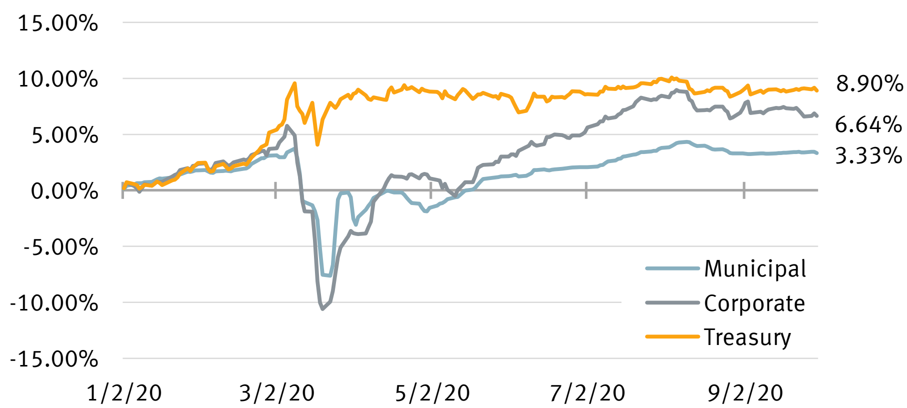
Despite the upheaval caused by COVID-19, fixed income investors have benefited from this year's market performance.

Market investment strategy & market commentary

Market performance – Municipals barely remain positive in September

As the country remains mired in the grasp of COVID-19 with spikes of infections in certain parts of the country, financial markets posted mixed performances. Equity markets topped new highs before retreating, while fixed income markets were mixed and traded mostly sideways for the month. Following the municipal market's -0.47% return in August, the Bloomberg Barclays Municipal Bond Index eked out a 0.02% return in September. Munis outpaced corporate bonds (-0.29% return) but fell short of Treasuries (0.14% return). Despite the upheaval caused by COVID-19, fixed income investors have benefited from this year's market performance. According to Bloomberg Barclays indexes, corporates, munis, and Treasuries are returning 6.64%, 3.33%, and 8.90%, respectively, year to date through September 30.

Bloomberg Barclays indexes



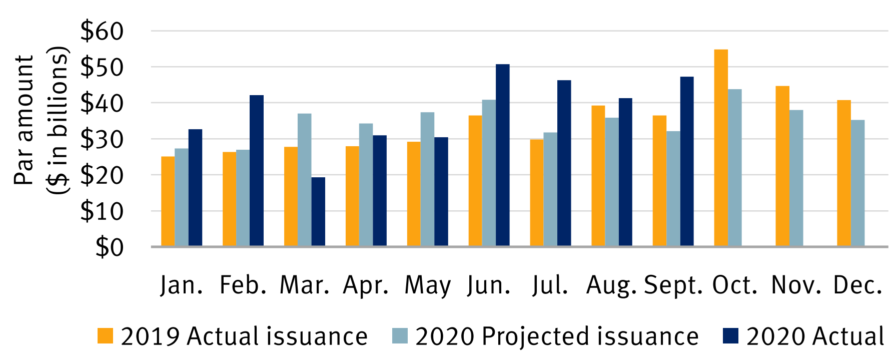
Source - Bloomberg, RBC Wealth Management; weekly data though 9/30/20

Issuance surges, fund flow streak ends at 20 weeks

In early March, when we began to grasp the severity and potential impact of COVID-19, we revised our annual issuance projection for the municipal market. RBC Capital Markets projected $420 billion of issuance for 2020. Issuance virtually dried up in March and April, leading us to believe our projection for the year would be unattainable. A May rally that continued into the summer caused municipal yields to reach record lows over the summer.

As a result, the muni market experienced a surge in issuance. State and local governments issued an aggregate $186 billion in June, July, August, and September,

2020 issuance and redemption projections



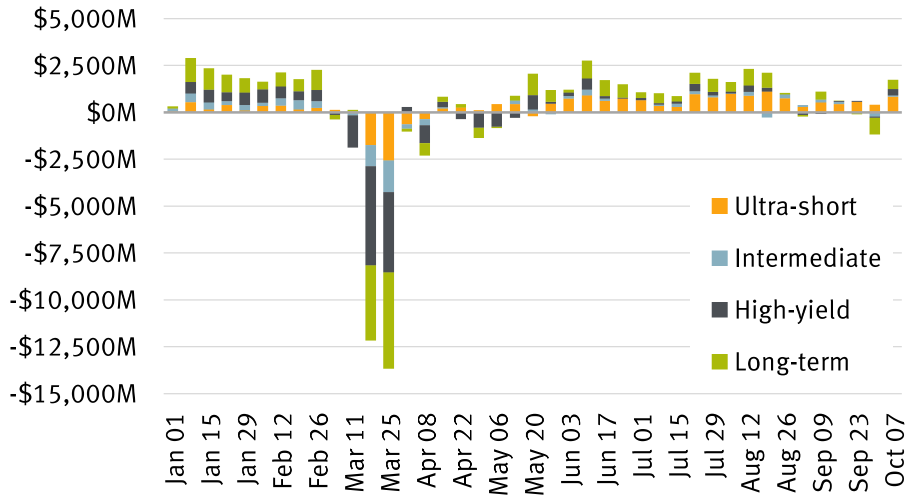
Source - RBC Capital Markets, The Bond Buyer; data through 9/30/20 whereas the first five months of the year saw $160 billion in issuance. With a robust forward-looking calendar, we expect issuance could surpass $490 billion for the year, well ahead of our original $420 billion forecast.

While we expect the surge in issuance to continue, the muni market is beginning to experience cracks in demand.

While we expect the surge in issuance to continue, the muni market is beginning to experience cracks in demand. The recent surge in COVID-19 cases and the potential impact on the economy may be giving investors pause.

October is shaping up to be a challenging month for the muni market, and we look for investors to take a more cautious approach. The week ended September 30 marked the first time in 20 weeks that investors withdrew cash ($775 million) from most mutual fund sectors, with the exception of short-term mutual funds where investors have been focused and continued to add funds amid market uncertainty. As yields rose toward the end of the month, investors reversed course and added over $1.7 billion to municipal mutual funds in the week ended October 7. Investors added cash to all subsectors with a heavy focus on short-term and long-term funds.

2020 muni fund flows



Source - Refinitiv Lipper U.S. Fund Flows, RBC Wealth Management; weekly data though 10/7/20

Looking ahead – A potential surge in issuance, lower demand, and a looming election

We expect October to be a challenging month for the overall tenor of financial markets with uncertainty surrounding the upcoming presidential election and its impact on economic and market sentiment. While we expect supply to continue trending higher, we believe brokerages will remain cautious with respect to inventory management leading up to and then after the election.

We recommend investors take a cautious approach when making investment decisions over the next two months. With the inability of Congress and the Trump administration to reach agreement on a stimulus package, municipal yields rose to begin October and have returned -0.26% through October 6 as fiscal aid to state and local governments hangs in the balance.

This month's focus: Municipal resiliency

Municipal bond investors are understandably unsettled by news reports suggesting state and local governments' financial futures are dire because of the pandemic. However, while many governments will experience difficult times ahead, we believe some of the ruinous rhetoric by government officials is designed to maximize additional federal assistance from a divided federal government.

More importantly, we believe that investors should ignore the hyperbolic municipal forecasts, and instead focus on municipalities' inherent strengths that have resulted in exceptionally low default rates through numerous economic cycles over the past 50 years. We acknowledge this time is different because every market disturbance is unique. However, what is also unique compared to other asset classes are the tools and resources available to many municipalities to counter these distinct disruptions.

Many municipalities are likely going to face difficult financial challenges and imbalances that will result in amplified rating downgrades. Yet despite this forecast, we believe investors are better served focusing on—and continuing to invest in—the plethora of municipalities that will rebalance their fiscal operations as opposed to the relatively few high-profile, fiscally challenged municipalities that will dominate the airwaves. For every Puerto Rico, there are literally tens of thousands of municipalities that steadfastly honor their debt obligations, from Portland, Maine to Portland, Oregon, and from Franklin, Minnesota to Franklin, Louisiana.

Municipal attributes

Traditional municipalities are essential service monopolies that commonly have vast taxing power and the ability to reduce expenditures and services without immediately losing constituents. Layer in the widely perceived ability of municipalities to improve their operational efficiencies, and governments have three avenues—revenues, expenditures, and efficiencies—to restore fiscal balance.

Investors should ignore the hyperbolic municipal forecasts, and instead focus on municipalities' inherent strengths that have resulted in exceptionally low default rates through numerous economic cycles over the past 50 years.

Admittedly, increasing revenues is more difficult during an economic downturn, reducing services and staff is never popular, and maximizing operational efficiency may not be in a government's culture. But necessity is the mother of all invention. The fiscal fallout from this pandemic will force change—municipalities will increase taxes and cut spending and will be forced to find efficiencies, in our opinion. While the employment of these three solutions will vary greatly among municipalities, the collective effectiveness of these solutions to stabilize municipal finances seems clear from a historical standpoint.

Structural protections

Many run-of-the-mill municipal bonds are backed by property taxes on a valuable asset (peoples' homes), which may be taken for non-payment. This legal structure strongly incentivizes residents to pay their property taxes, thereby better enabling municipalities to continue paying their debt service obligations even during economic downturns.

Also, many revenue bonds have excess debt service coverage ratios that provide a buffer against revenue declines that often occur during economic downturns. Moreover, revenue bonds often have debt service reserves that can be tapped if pledged revenues prove insufficient.

Parting thoughts

Naysayers seem to write off state and local governments during every economic downturn despite municipal bonds having an enviable repayment track record compared to almost all other asset classes.

Maybe municipal bonds have a tarnished image because they are perceived as being bureaucratic, sub-optimally run, and subject to the political winds. Yet despite these flaws, municipal default rates are orders of magnitude better than corporate bonds. According to a Moody's Investors Service default study, investment-grade municipal general obligation (GO) bonds defaulted less than 0.05% over 10-year rolling periods

Investors should put any default in perspective and not project that widespread municipal defaults are therefore inevitable.

since 1970 compared to 2.25% for global investment-grade corporate bonds. Given the chronic malignment of municipal bonds, this comparison cannot be overstated to drive home the point that municipal bonds have been a much safer relative investment historically than corporate bonds, and—by extension—stock equity.

We acknowledge that some municipalities will fail their constituents and bondholders, but the failures will be rare, in our opinion, based on the reasons cited above. As such, investors should put any default in perspective and not project that widespread municipal defaults are therefore inevitable. Brooks Brothers, Virgin Atlantic, Gold's Gym, Cirque du Soleil, GNC, and Hertz—to name a few—have all declared bankruptcy this year, yet most investors are not indiscriminately maligning all corporate debt. We believe municipal debt should be afforded the same courtesy because every situation and solution is unique.

Territorial updates

Puerto Rico – Seeking debt relief

Blaming the COVID-19 pandemic, commonwealth officials are seeking to renegotiate the amount of debt service they are willing to pay back investors. Both the commonwealth and bondholders have been in negotiations to revise the original deal reached in February 2020. That deal called for investors to receive cash and bonds that would return the equivalent of 73.6 cents on the dollar, but the commonwealth has since revised that figure to 58.4 cents, setting up a battle with bondholders who are still seeking 73.6 cents. The parties continue working to restructure $18 billion of GO and commonwealth guaranteed debt prior to COVID-19 impacting the island's economic outlook.

Bureau of Economic Analysis (BEA) – Cites weak economy

The BEA said Puerto Rico's economy contracted for four straight years leading up to and including 2018. The economy contracted 6.5% the year Hurricane Maria hit. The report will likely provide the commonwealth with additional backing to strengthen its case to restructure the $18 billion of GO and commonwealth guaranteed debt currently mired in renegotiations.

Education Department – Overpays staff

Puerto Rico's Department of Education is in the process of trying to recover $80 million it has overpaid employees since 2007. The education system's flawed time and attendance system failed to remove employees that were no longer working for the department. The $80 million was paid to over 15,000 former employees and 2,500 current employees. Payments were also made to employees who are since deceased. The head of the PROMESA fiscal oversight board said that the board would work with Puerto Rico to review other commonwealth systems to confirm payments are being made correctly.

Puerto Rico Electric Power Authority (PREPA) – FEMA funds on the way

The commonwealth is set to receive $13 billion in federal disaster aid to help rebuild its energy grid and repair schools, both of which were severely damaged by Hurricane Maria. The lame-duck governor said the payment was a result of the good relationship she maintained with the U.S. government. The $13 billion comes on top of the $49.9 billion in aid Congress previously approved.

U.S. Virgin Islands – Puts offering on hold

The U.S. Virgin Islands withdrew its plans to offer $1 billion in matching fund refinancing bonds following a lawsuit by retirees challenging the legality of the bond offering. The deal was canceled because of the negative implication the lawsuit has had on the offering. We expect the U.S. Virgin Islands to return to market at a later date once the litigation is settled.

State tax revenue declined as much as 20% y/y in Q2 to $239 billion.

State news

General commentary

The COVID-19 pandemic continues adversely affecting municipal ratings from the airport sector, higher education, and state and local governments. In addition, Municipal Market Analytics reported that 60 municipal issuers have defaulted through the first three quarters of 2020, the highest number of defaults in eight years. The 60 defaults, totaling $5.23 billion, are more than the aggregate full-year tally for the last three years.

State tax revenue continues to slide

State tax revenue declined as much as 20% y/y in Q2 to $239 billion. Tax receipts are down $97.7 billion year over year. New Jersey tax revenue fell the least, dropping 9.4%, while the state of Washington declined the most, by 50% to $4.35 billion. To date, states have approximately $336.6 billion of outstanding GO debt.

While tax revenue is declining, the news is not all bad. New Jersey and California reported they are beginning to see a rebound in their tax revenues, which are ahead of revised COVID-19 projections. While their tax revenues are improving, both states are still expecting large revenue shortfalls with no assistance from Congress in sight.

State ratings roundup

Nevada – Rating affirmed

The rating was affirmed by Fitch on September 29; the outlook remains negative. The state's conservative liability position, strong revenue and expenditure framework, and ability to make financial revisions were factors in the rating affirmation. The negative

State/territory credit ratings

State/territory	Fitch	Moody's	Kroll
Alabama	AA+	Aa1	-----
Alaska	A+	Aa3	-----
Arizona	-----	Aa2	-----
Arkansas	-----	Aa1	-----
California	AA	Aa2	-----
Colorado	-----	Aa1	-----
Connecticut	A+	A1	AA-
Delaware	AAA	Aaa	AAA
Florida	AAA	Aaa	-----
Georgia	AAA	Aaa	-----
Hawaii	AA+	Aa2	-----
Idaho	AA+	Aa1	-----
Illinois	BBB-	Baa3	-----
Indiana	AAA	Aaa	-----
Iowa	AAA	Aaa	-----
Kansas	-----	Aa2	-----
Kentucky	AA-	Aa3	-----
Louisiana	AA-	Aa3	-----
Maine	AA	Aa2	-----
Maryland	AAA	Aaa	-----
Massachusetts	AA+	Aa1	-----
Michigan	AA	Aa1	-----
Minnesota	AAA	Aa1	-----
Mississippi	AA	Aa2	-----
Missouri	AAA	Aaa	-----
Montana	AA+	Aa1	-----
Nebraska	-----	Aa1	-----

State/territory	Fitch	Moody's	Kroll
Nevada	AA+	Aa1	-----
New Hampshire	AA+	Aa1	-----
New Jersey	A-	A3	A
New Mexico	-----	Aa2	-----
New York	AA+	**Aa2**	AA+
North Carolina	AAA	Aaa	-----
North Dakota	-----	Aa1	-----
Ohio	AA+	Aa1	-----
Oklahoma	----	Aa2	-----
Oregon	AA+	Aa1	-----
Pennsylvania	AA-	Aa3	-----
Rhode Island	AA	Aa2	-----
South Carolina	AAA	Aaa	-----
South Dakota	AAA	Aaa	-----
Tennessee	AAA	Aaa	-----
Texas	AAA	Aaa	-----
Utah	AAA	Aaa	-----
Vermont	AA+	Aa1	-----
Virginia	AAA	Aaa	-----
Washington	AA+	Aaa	-----
West Virginia	AA	Aa2	-----
Wisconsin	AA+	Aa1	AA+
Wyoming	-----	-----	-----
District of Columbia	AA+	Aaa	-----
Guam	-----	-----	-----
Puerto Rico	D	Ca	-----
Virgin Islands	-----	-----	-----

On October 1, Moody's downgraded New York's rating one notch to Aa2 from Aa1 as COVID-19 takes its toll on the state's finances.
Source - Fitch Ratings, Moody's Investors Service, Kroll Bond Ratings Agency

outlook reflects the economic impact COVID-19 has had on the state and its unique economy grounded in hospitality and casinos.

New York – COVID-19 effect

On October 1, Moody's lowered the state's rating one notch to Aa2 from Aa1 and revised the outlook to negative from stable. The disproportionate impact of COVID-19 on New York City and the financial impact it is having on the state's finances was the primary driver of the state's downgrade. In addition, the Metropolitan Transportation Authority, which is state funded and controlled, has seen ridership plummet and farebox revenue materially impacted, adding to the toll on the state's economic condition. The rating downgrade also impacted the state's intercept and appropriation debt, which were lowered one notch each to Aa3 from Aa2. Moody's noted that "New York's Aa2 general obligation rating reflects the state's large and diverse economy, which when the pandemic passes, will support economic recovery."

North Carolina – Rating affirmed

On September 25, Fitch Ratings affirmed the state's AAA rating; the outlook remains stable. The state's low liabilities, conservative financial operations, and prospects for continued economic expansion and diversification were the basis for the rating affirmation.

Other state news

California – Governor vetoes borrowing bill

Governor Gavin Newsom vetoed a bill authorizing $5 billion of revenue bond borrowing that would have been backed by increases in vehicle fees and gas taxes that had been authorized in 2017. The governor said the borrowing goes against pay-as-you-go principles and would saddle the state with long-term debt obligations to finance maintenance repairs.

Connecticut – Transfers reserves to pension plans

The state announced it will transfer $62 million to the state's employees' pension fund. Currently, state law caps budget reserves at 15% of spending, with the requirement that excess funds are to be transferred to the State Employees' Retirement Fund or the Teachers' Retirement Fund. The state's employees' pension fund is 38.2% funded, with a larger funding gap than the teachers' pension fund.

The state's rainy day fund totaled $3.1 billion at the end of the fiscal year, of which the state plans to use approximately $2.1 billion to balance this year's budget deficit.

We expect Illinois' Baa3 rating to remain under pressure absent an economic rebound.

Illinois – The pandemic poses additional ills

The state, already grappling with an outsized pension debt burden, is facing a worsening crisis amid the COVID-19 outbreak. On October 2, Moody's said Illinois' gross domestic product and "revenue will suffer from the pandemic's economic fallout, and its already outsized long-term obligations, primarily for unfunded retirement benefits, will rise." More alarming was Moody's statement that fiscal austerity and tax hikes could help, but the state's credit will likely worsen if the economic rebound in Illinois remains slow or falters. We expect the state's Baa3 rating to remain under pressure absent an economic rebound.

New Jersey – Governor signs budget with tax increases and increased borrowing

Governor Phil Murphy signed the state's 9-month budget, which authorizes borrowing $4.5 billion and raises taxes on residents earning over $1 million annually. The tax rate on the state's top earners jumps to 10.75% from 8.97%. The budget also extends a temporary 2.5% surtax on corporations with income of $1 million or more. The governor said the state will also make a $4.7 billion pension payment, or $200 million less than what he said it would make. The budget projects a $2.5 billion surplus to help the state prepare for a potential second outbreak of the pandemic.

New York State Court System – Facing growing deficits
The state's court system is freezing all hiring, cutting spending, and denying judges' requests for recertification as the system seeks to cut spending by more than $300 million as New York faces a $14.5 billion deficit. The system has been able to hold off on employee layoffs, but looking ahead it is unclear what action the system may have to take.

Bankruptcy rates on the rise
The economic effects of the pandemic is battering businesses across New York City's five boroughs. The boroughs have seen bankruptcies rise around 40% year to date, affecting almost 6,000 businesses. The rate of bankruptcies could rise as autumn takes hold and there are potential signs of a second COVID-19 wave.

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Sales tax collections fall
State Comptroller Thomas DiNapoli reported sales tax collections fell 7.8% in August compared to the same period the prior year. The drop is a slight improvement over the 8.2% decline the state saw in July. New York City's tax receipts fell 7.1% to $43.9 million in August.

Regional updates and other market news

Local issuer rating updates

New York City – Downgraded along with the state
Moody's downgraded the rating for the country's largest city one notch to Aa2 from Aa1 and revised the city's outlook to negative from stable on October 1, the same day it downgraded the state's rating. Similar to the state's downgrade, Moody's attributed New York City's downgrade to the substantial financial challenges the city's economy is facing from the pandemic and the likelihood of a prolonged recovery. Moody's expects it will take longer for the city's economy to rebound than most other U.S. cities.

Other municipal-related news

Colleges and universities – Latest to jump on the aid bandwagon
As many colleges and universities are slow to open, the calls for federal aid are increasing. Colleges and universities are seeking approximately $120 billion in federal assistance to help cover costs associated with COVID-19 testing and contact tracing. The request for aid has more than doubled since August, according to the American Council on Education.

Hospitality industry – Signs of hope
While the hotel industry continues to suffer from the pandemic, some cities are showing signs of bouncing back. Bloomberg reported that hotel occupancies in five metro areas have begun to rebound. Reno, Omaha, Denver, Salt Lake City, and Atlanta have seen occupancy levels reach 80% of where they were a year earlier. Meanwhile, hotel employment levels remain 50% lower than one year ago.

New York Metropolitan Transportation Authority (MTA) – Considering Fed's MLF
MTA Chairman Pat Foye said the authority is considering tapping the Fed's Municipal Liquidity Facility program for $2.9 billion, believing there is little chance the federal government will reach an agreement on aid for state and local governments. The MTA, the nation's largest transit system, has seen farebox revenue drop significantly, losing about $200 million of revenue a week.

COVID-19 is taking a heavy toll on public transportation systems in many vital transportation hubs throughout the country.

U.S. transportation systems at risk – Ridership could suffer

COVID-19 is taking a heavy toll on public transportation systems in many vital transportation hubs throughout the country. Bloomberg News reported that up to three million riders in 10 U.S. cities could be displaced when it comes to public transportation. The list of cities expected to feel the biggest impacts on ridership and declining revenue is led by New York and Philadelphia, and includes Atlanta, Cincinnati, Denver, Los Angeles, and Miami. Increasing COVID-19 cases could hamper the rate and speed at which public transit systems rebound.

RBC Wealth Management retail trading (9/1/20 – 9/30/20)

Top 10 CUSIPs selling volume to retail customers

CUSIP	Description	Maturity	Coupon	Volume
882854J60	TX WTR DEV BRD-A	10/15/2043	5.00	11,288
798136VU8	SAN JOSE ARPT-A-REF	03/01/2047	5.00	5,831
650116DA1	PROJECTNEW YORK TRANS	10/01/2045	4.38	5,652
38611TCC9	GRAND PKWY TRANSPRTN	10/01/2049	4.00	3,931
798136VS3	SAN JOSE ARPT-A-REF	03/01/2041	5.00	3,817
38611TBQ9	GRAND PKWY TRANSPRTN	10/01/2043	5.00	3,804
13063DWB0	CALIFORNIA ST	11/01/2050	4.00	3,709
7417016M3	PRINCE GEORGE'S CO -A	07/15/2034	5.00	3,177
13063DVY1	CALIFORNIA ST	11/01/2041	4.00	3,172
37970PJY9	GLOUCESTER CNTY NJ IM	07/01/2044	5.00	2,811

Top 10 CUSIPs buying volume from retail customers

CUSIP	Description	Maturity	Coupon	Volume
032556HX3	ANAHEIM CA HSG & PUBL	10/01/2045	5.00	2,024
032556HY1	ANAHEIM CA HSG & PUBL	10/01/2050	5.00	1,704
13063CEX4	CALIFORNIA ST-REF	09/01/2031	5.00	1,663
882723TC3	TEXAS ST-A-REF-TRNSPR	10/01/2044	5.00	1,367
397586QM3	GREGORY ETC ISD-A	02/15/2043	5.25	1,341
155498CP1	CENTRL TX REGL-A-REF	01/01/2043	5.00	1,318
38611TAC1	GRAND PARKWAY-B	10/01/2051	5.25	1,272
13032UCL0	CA HLTH FIN AUTH-A	11/15/2041	5.00	1,191
59266TJY8	STHRN CA MET WTR DIST	07/01/2028	5.00	1,080
544525UH9	LA DEPT WTR-REF-A	07/01/2046	5.00	1,078

Source - RBC Wealth Management

RBC Capital Markets institutional trading (9/1/20 – 9/30/20)

Top 10 CUSIPs selling volume to institutional customers

CUSIP	Description	Maturity	Coupon	Volume
56035DCH3	MAIN ST NATURAL GAS-B	08/01/2049	4.00	39,141
514401BA5	LANCASTER OH PORT AUT	08/01/2049	5.00	30,007
626207YF5	MEAG TXB-PLT VOGTLE	04/01/2057	6.64	25,813
54466HJM9	LOS ANGELES CO MTA -A	06/01/2030	5.00	23,532
13066YSX8	CA DEPT WTR RESOURCES	05/01/2022	5.00	19,763
574204L50	MD DEPT OF TRANSPRTN	10/01/2025	5.00	18,085
658909SW7	ND HSG FIN AGY-D	01/01/2049	4.25	16,323
57419R3A1	MARYLAND ST CMNTY DEV	09/01/2048	4.50	15,949
59261AE94	MET TRANS AUTH NY-G3	11/01/2031	0.55	12,600
57582PB58	MA ST-CONOL LOAN-D	10/01/2024	5.00	12,481

Top 10 CUSIPs buying volume from institutional customers

CUSIP	Description	Maturity	Coupon	Volume
56035DCH3	MAIN ST NATURAL GAS-B	08/01/2049	4.00	39,069
626207YF5	MEAG TXB-PLT VOGTLE	04/01/2057	6.64	30,763
514401BA5	LANCASTER OH PORT AUT	08/01/2049	5.00	29,981
54466HJM9	LOS ANGELES CO MTA -A	06/01/2030	5.00	23,513
524803BB8	LEHIGH CO AUTH WTR	12/01/2055	3.48	22,372
13066YSX8	CA DEPT WTR RESOURCES	05/01/2022	5.00	19,761
574204L50	MD DEPT OF TRANSPRTN	10/01/2025	5.00	18,061
658909SW7	ND HSG FIN AGY-D	01/01/2049	4.25	16,495
57419R3A1	MARYLAND ST CMNTY DEV	09/01/2048	4.50	16,228
524803BA0	LEHIGH CO AUTH WTR	12/01/2050	3.23	16,219

Source - RBC Capital Markets

Bond Buyer indexes

Weekly	Current 10/1/20	Previous 9/24/20	2020 high	Date	2020 low	Date
Bond Buyer Revenue Bond Index	2.67%	2.71%	3.34%	(4/02)	2.44%	(8/06)
Bond Buyer 20-Bond Index	2.25%	2.22%	2.84%	(4/02)	2.02%	(8/06)
Bond Buyer 11-Bond Index	1.78%	1.74%	2.37%	(4/02)	1.55%	(8/06)

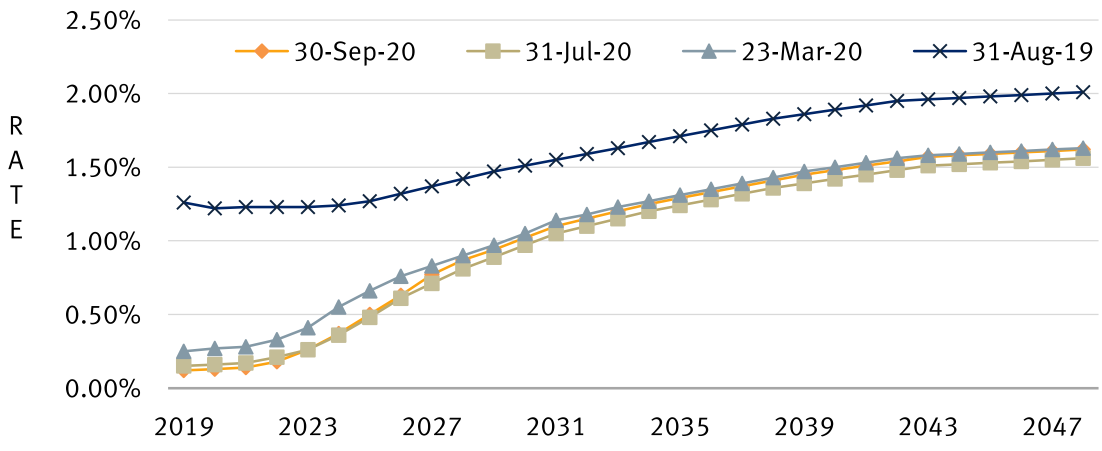
Source - The Bond Buyer

Barclays Municipal Index returns

	Index								
	1-month	5-year (4–6)	10-year (8–12)	15-year (12–17)	Long bond (22+)	AAA	AA	A	BAA
Month-to-date total return	-0.47%	-0.04%	-0.54%	-0.74%	-0.78%	-0.63%	-0.54%	-0.35%	-0.04%
Year-to-date total return	3.31%	3.33%	3.73%	3.70%	3.28%	4.20%	3.66%	2.83%	1.14%

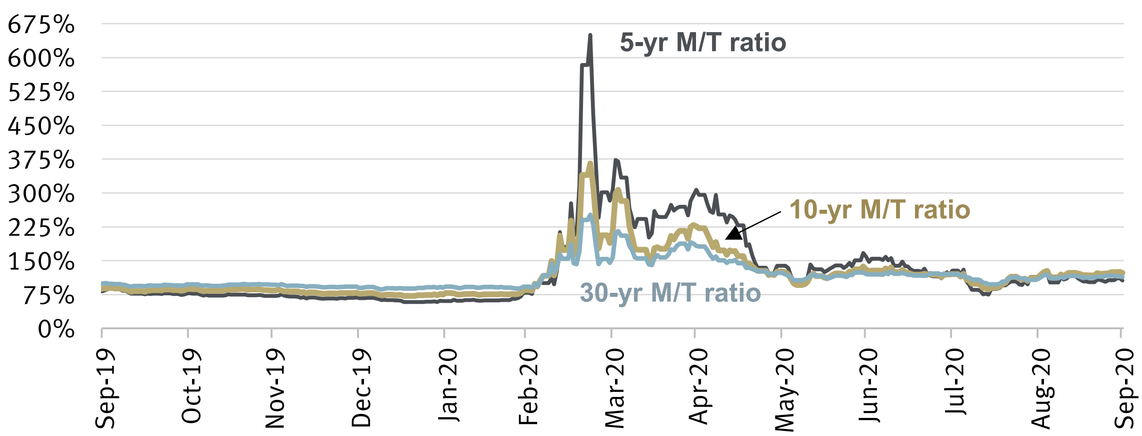
Source - Barclays; data through 9/30/20

Muni market data AAA yield curve



Source - RBC Wealth Management, Thomson Reuters TM3; data through 9/30/20

Muni/Treasury ratio comparison



Source - RBC Wealth Management, Bloomberg; data through 9/30/20

Municipal bond insurers

Insurer	Moody's	Kroll Ratings
ACA	Not rated	Not rated
AMBAC	Not rated	Not rated
Assured Guaranty (AGC)	A3 (stable outlook)	AA (stable outlook)
Assured Guaranty Municipal Corp. (AGM)	A2 (stable outlook)	AA+ (stable outlook)
Berkshire Hathaway (BHAC)	Aa1 (stable outlook)	Not rated
Build America Mutual (BAM)	Not rated	Not rated
FGIC	Not rated	Not rated
Municipal Assurance Corporation	Not rated	AA+ (stable outlook)
National Public Finance (MBIA)	Baa2 (stable outlook)	Not rated
Syncora	Not rated	Not rated

Source - RBC Wealth Management; data through 9/30/20

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