

MESIROW INSTITUTIONAL SALES AND TRADING

# Smith's High Yield Municipal Bond Conference

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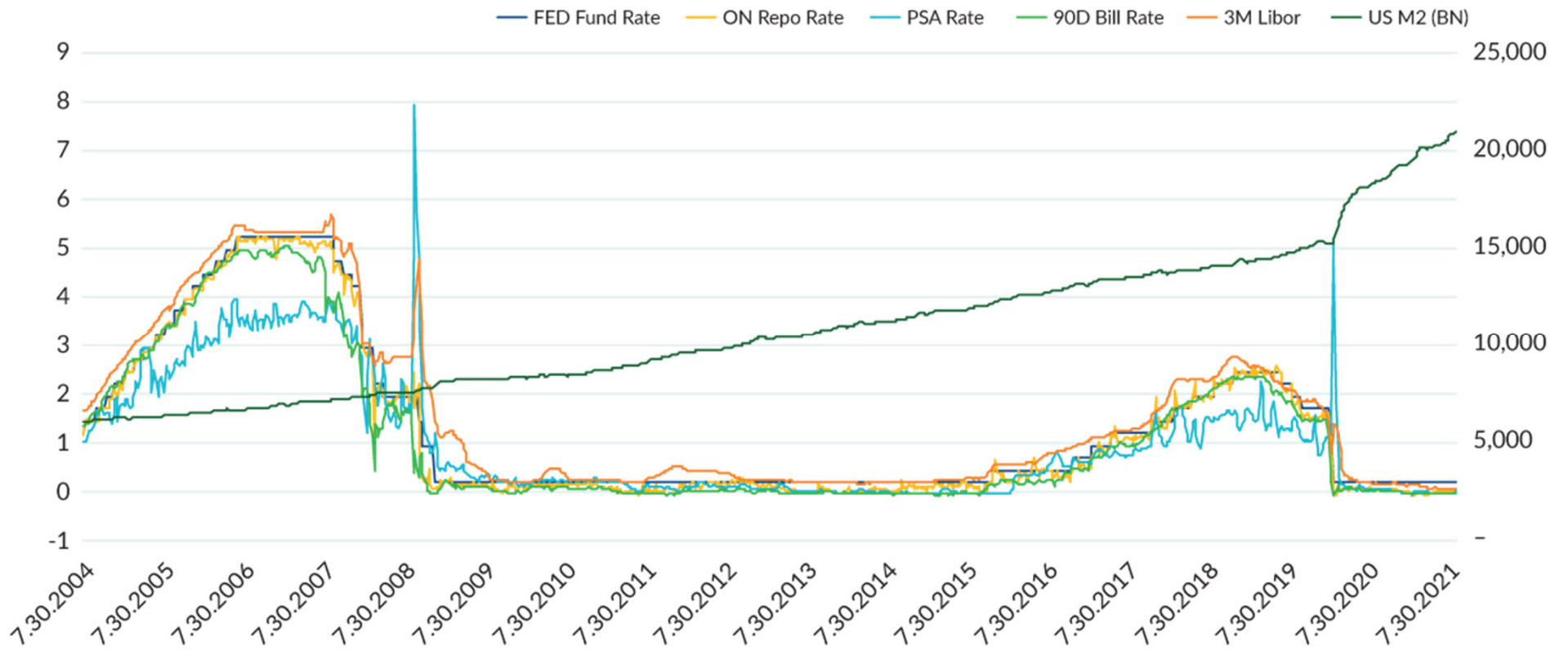


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## Real liquidity, real spread and an unreal economic cycle

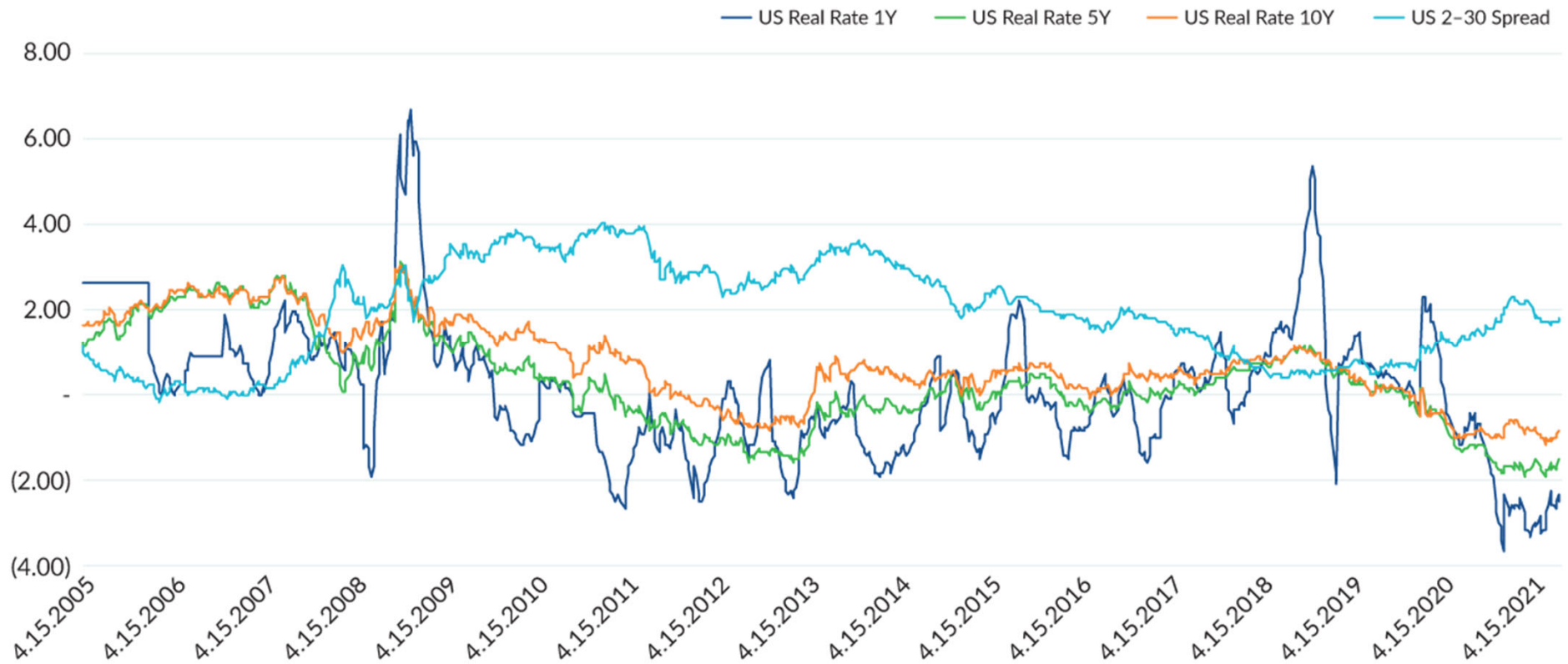
What's really driving the demand for tax-exempt high-yield municipal bonds? Is inflation here to stay or is it transitory and rates are really going lower for longer? Panel members will discuss if a liquidity bubble exists in the high-yield municipal bond market and if so, how can we measure it? It's not just about higher yields, but also how to build better performance for your portfolio — one high-yield bond at a time.

# US Funding rates (%) and M2 (bn)



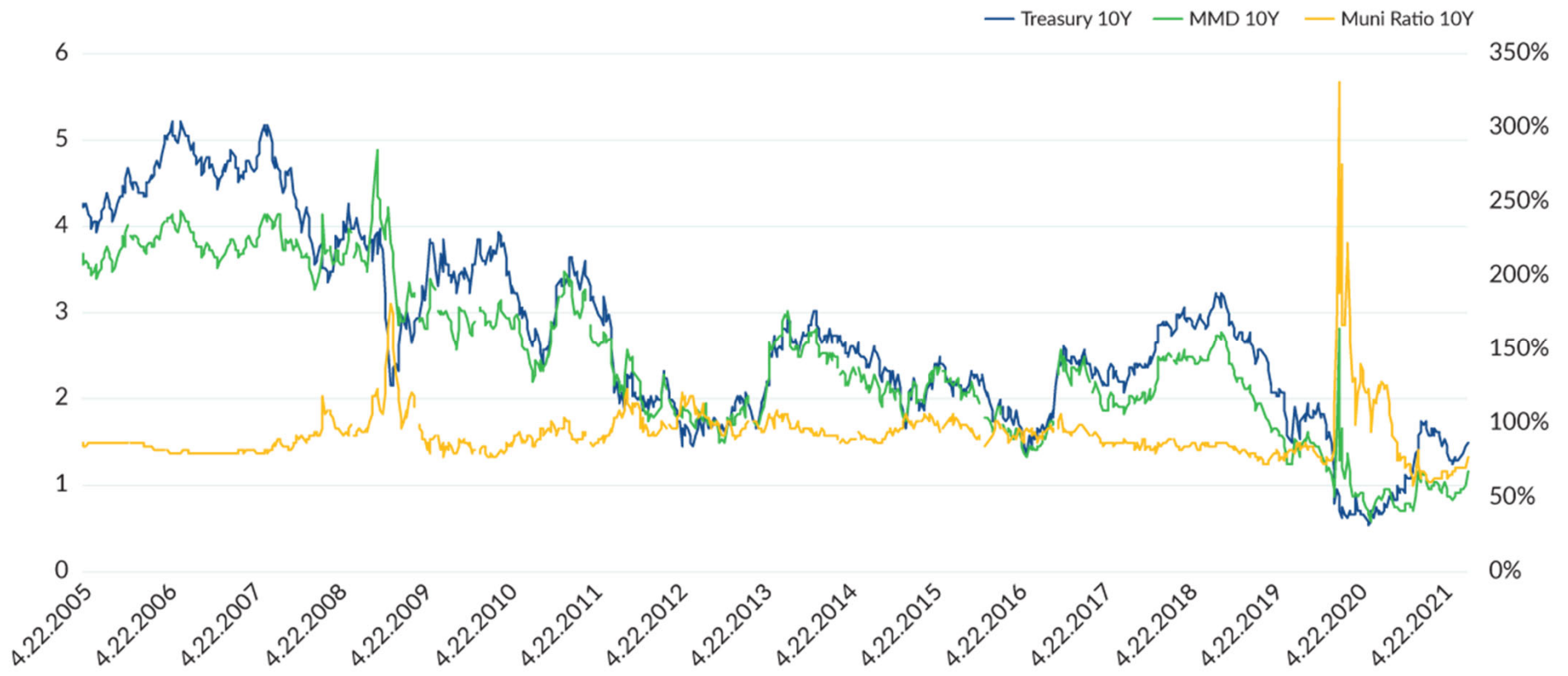
Source: Bloomberg.

# US Market implied real rates & 2-30 spread (%)



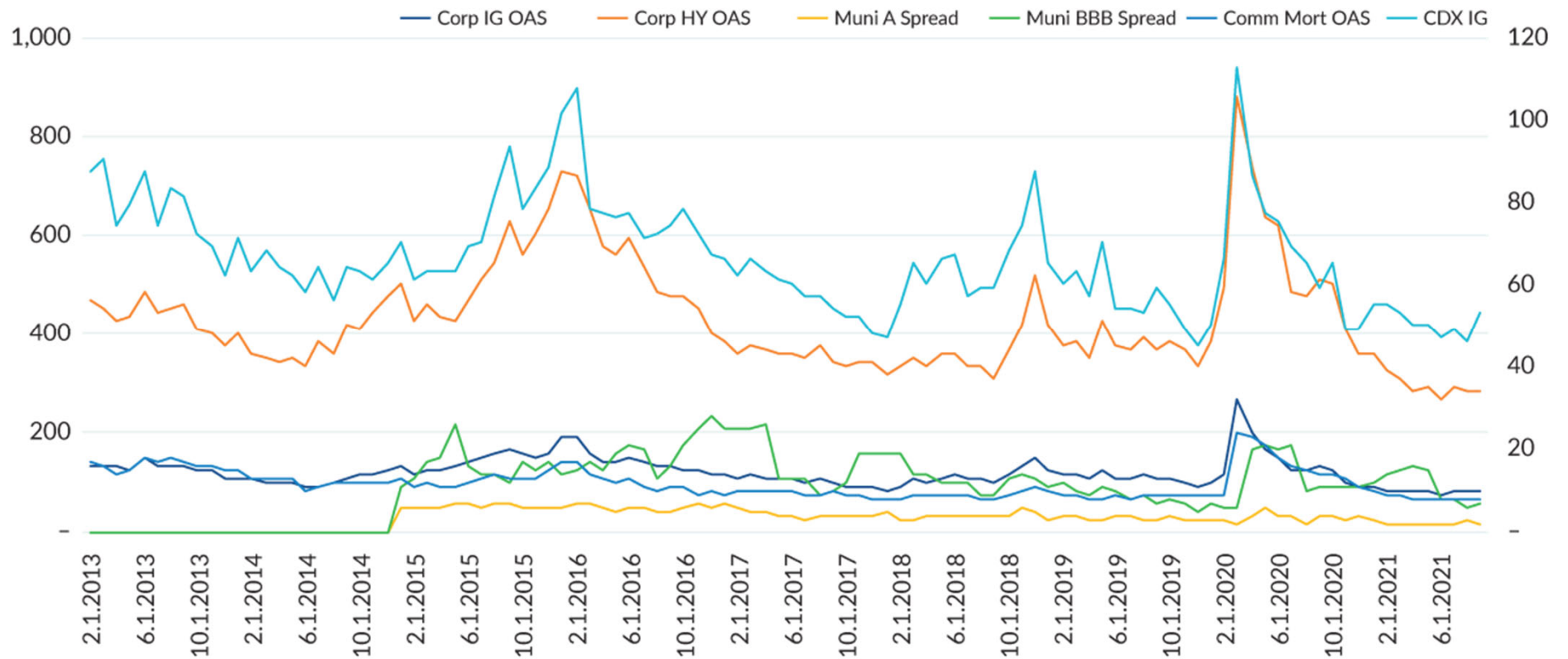
Source: Bloomberg, Mesirow Research. Past performance is not indicative of future results.

# Treasury, MMD 10Y yield (L) & muni / Treasury ratio 10Y (R)



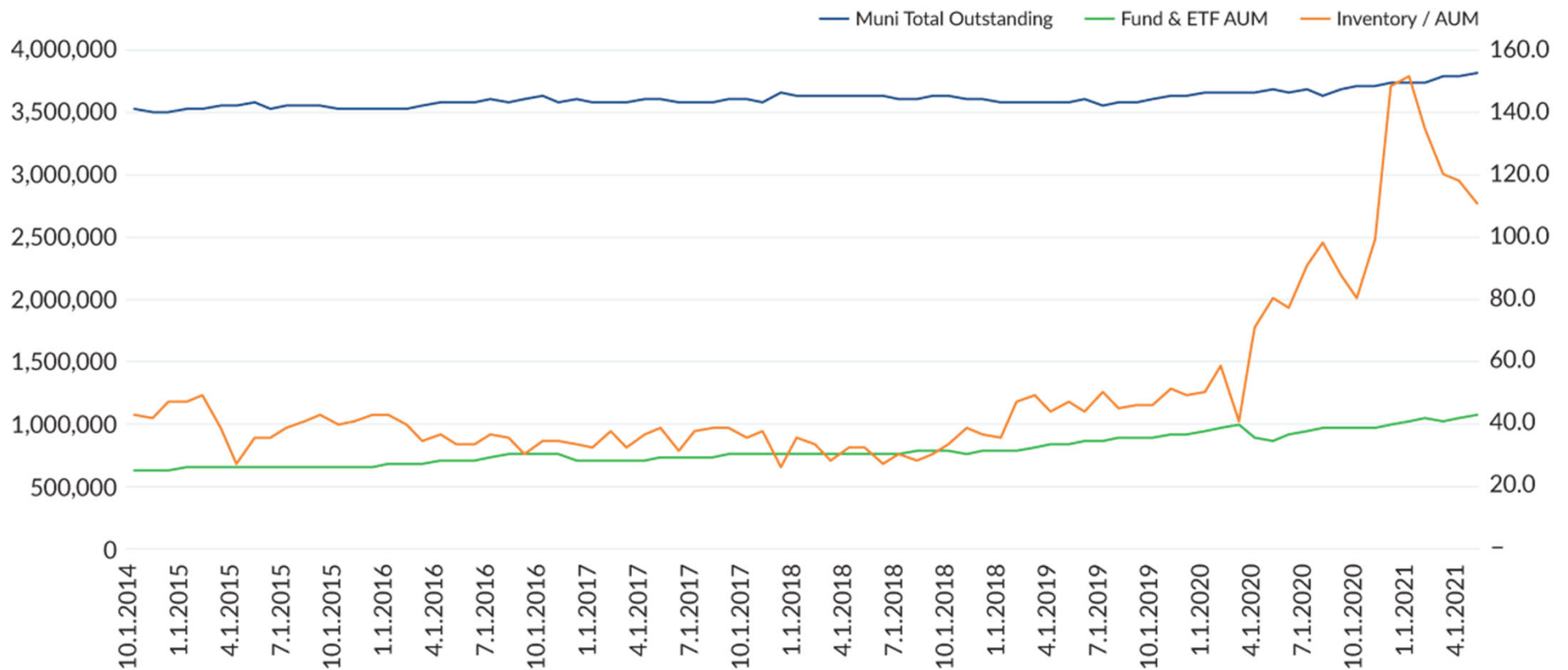
Source: Bloomberg. Past performance is not indicative of future results.

# Cash bond credit spreads (L) & CDX IG spread (R)



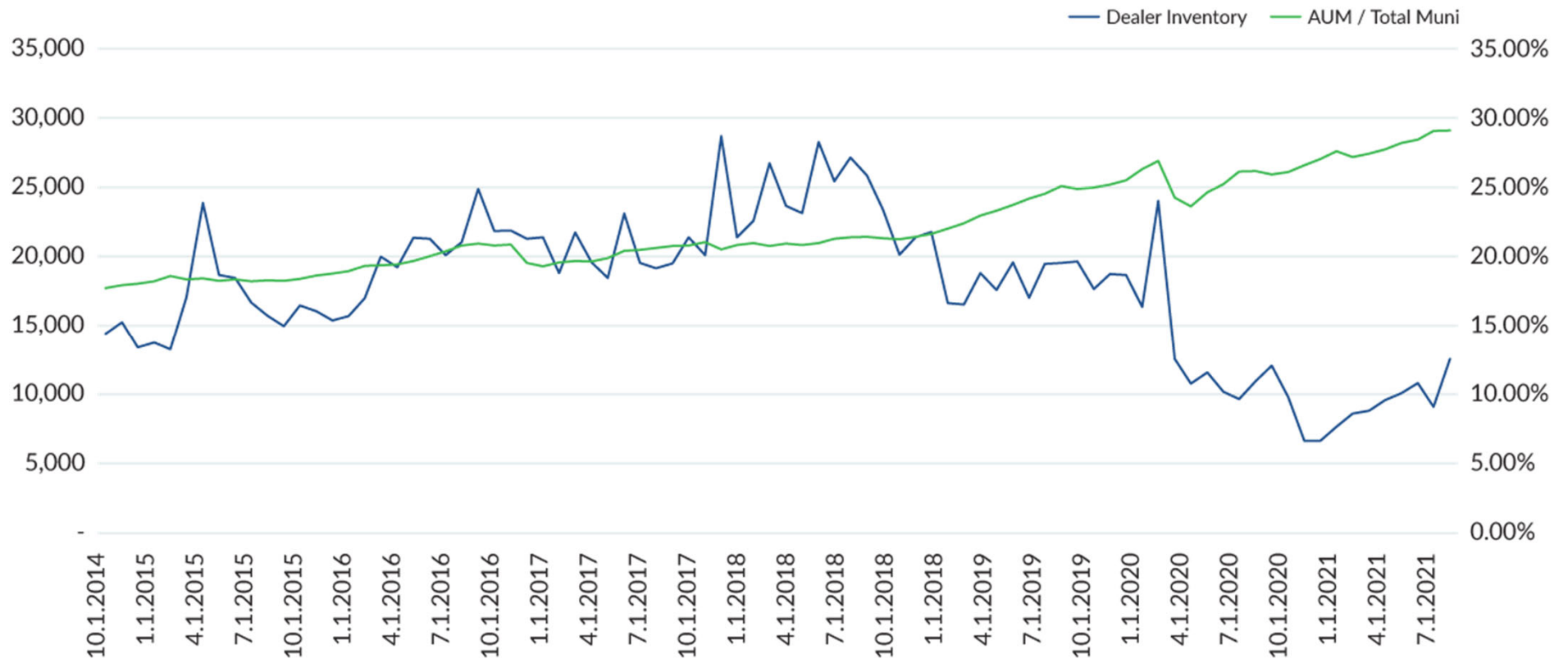
Source: Bloomberg, Mesirow Research. Past performance is not indicative of future results.

# Municipal total outstanding, fund & ETF AUM (L) & AUM / inventory (R)



Source: Bloomberg, EPFR, Federal Reserve Bank of New York.

## Dealer inventory (L) & AUM / total muni outstanding (R)



Source: Bloomberg, EPFR, Federal Reserve Bank of New York.





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