

CAPITAL MARKET UPDATE

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Senior Living New Issue Rates as of 11/21/17

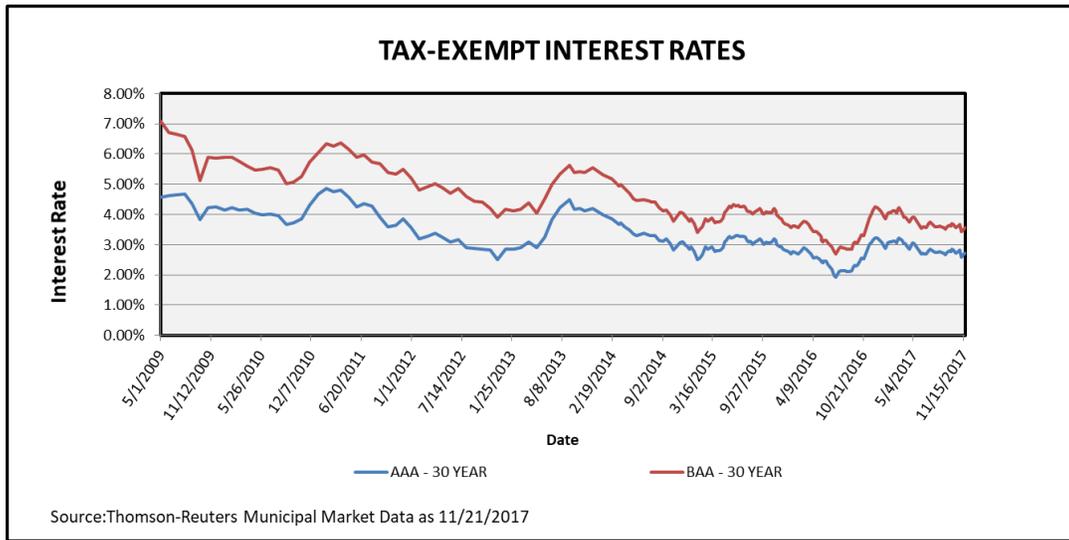
Maturity	Taxable Rates	Tax Free Rates					
	GNMA Taxable	FHA Tax-Exempt	A	BBB	BB	Refinancing & Expansion	Start-Up
5 yr.	NA	1.480%	2.000%	2.250%	2.50%	2.60-3.10%	4.00-4.50%
10 yr.	NA	2.370%	2.850%	3.100%	3.40%	3.50-4.00%	4.50-5.00%
20 yr.	NA	3.070%	3.400%	3.550%	4.05%	4.15-4.65%	5.25-6.00%
30 yr.	3.400%	3.310%	3.550%	3.750%	4.20%	4.35-4.85%	5.75-6.375%

Senior Living new issue rates for borrowers in specialty states are 20-30 basis points lower in yield.

SIFMA Index	LIBOR
0.94%	1.25%

Revenue Bond Index (RBI)	10 Year Treasury	30 Year Treasury
3.91%	2.3560%	2.7580%

	1 Year	3 Year	5 Year	7 Year	10 Year
Weekly SIFMA Swap Rates	1.20%	1.44%	1.57%	1.70%	1.85%
Weekly LIBOR Swap Rates	1.73%	2.00%	2.14%	2.24%	2.36%



Market Commentary: Economic High Notes, Football and Turkey

U.S. Senators are thankful to have a 10-day recess away from the relentless lobbying on tax reform. The House Speaker is indebted to the 227 Republicans who voted for HR1 and helped him pass the hot potato to the Senate Majority Leader and Finance Chair. Governors in Florida and New Hampshire are overjoyed by the prospect of an influx of high income refugees from high tax states. The President is delighted by solid economic indicators and a stock market that has soared 30% since he was elected. Janet Yellen, in announcing her departure from the Fed in February, is gratified that the data will allow her to go out on a high note. Stock and bond investors are appreciative of their year-to-date returns. High school football teams across the country are eager for their annual contests with archrivals. One lucky turkey is overwhelmingly relieved to receive a White House pardon, and thousands of new cooks are grateful for the experts manning the Butterball hotline this week.

The stock market is currently enjoying another record-setting rally, but bond markets are quiet in the run-up to the national holiday. At this writing, the 10-year AAA municipal bond yields 2.01%, right where it began the month; and the 30-year tax-exempt benchmark yields 2.70%, down 13 basis points so far in November. The 10-year Treasury yields 2.36%, right where it opened the month; and the 30-year Treasury yields 2.76%, down 11 basis points in November. Stock and bond market volatility, as measured by the Chicago Board Options Exchange SPX Volatility Index (VIX) and the CBOE 10-year U.S. Treasury Note Volatility Index (TYVIX), are all-time lows. Oil is up \$2.42 and gold is up nearly \$12 this month.

Last week, HJ Sims underwrote a \$43.8 million non-rated financing for Westminster St. Augustine that featured \$8.8 million of tax-exempt bonds due in 2047 priced at par to yield 4.125% and \$34.9 million of taxable bonds due in 2044 priced at par to yield 5.50%. Both series were priced to a mandatory put in 2024. In other higher yielding transactions, the Chicago Board of Education sold \$1 billion of B rated general obligation refunding bonds structured with 2034 term bonds priced with a coupon of 5.00% to yield 4.70%. The Metropolitan Pier and Exposition Authority issued \$472.5 million of BB+ rated bonds for McCormick Place due in 2057, priced at 5.00% to yield 4.42%. The Ohio Air Quality Development Authority may have issued one of the last series of revenue bonds subject to the alternative minimum tax with its \$210 million non-rated deal for Pratt Paper; it had 30-year term bonds priced at par to yield 4.50%. The Guam Waterworks Authority was in the market with a \$107.6 million BBB-minus rated refunding issue that included a 2040 term maturity priced at 5.00% to yield 3.50%. The Illinois Finance Authority came with a \$65 million non-rated financing for Greenfields of Geneva that had nonrated 2052 term bonds priced at par to yield 7.10%. In the charter school sector, the Public Finance Authority brought a \$29.9 million BB rated charter school issue for American Preparatory Academy in Las Vegas structured with 2052 term bonds priced at 5.375% to yield 5.505% and a \$15.5 million non-rated deal for Uwharrie Charter Academy priced at 5.625% to yield 5.75% in 2047. The City of Bethel,

Market Commentary

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Minnesota also had a \$23.2 million BBB-minus rated issue for Spectrum High School that priced at 4.375% to yield 4.33% in 2052, and the Industrial Development Authority of Pima County, Arizona issued \$7.25 million of non-rated 30-year refunding bonds for Milestones Charter School that priced at par to yield 6.50%. In the higher education sector, the New Jersey Educational Facilities Authority sold \$41.7 million of BBB-minus rated revenue bonds for Rider University that had a 30-year maturity priced at 5.00% to yield 3.69%. The Louisville/Jefferson County Metro Government had a \$41.2 million Baa3 rated refunding issue for Bellarmine University that came with a maximum yield of 4.00% in 2039. The Minnesota Higher Education Facilities Authority sold \$34.6 million of Baa3 rated bonds for Hamline University that included 30-year term bonds priced at 5.00% to yield 3.62%. And the Washington County Industrial Development Authority had a \$29.2 million non-rated 27-year student housing financing for California University of Pennsylvania that priced at par to yield 5.40%.

Markets are closed on Thursday and Friday's session will wrap up by 1 p.m. HJ Sims and our family of companies look forward to celebrating this 396th American Thanksgiving and wish you and your family, all those at your table, and all those in your hearts, safe travels, joyful reunions and much to be grateful for.

For more information, please contact an HJ Sims banker.

Fairfield, CT

William Sims	203-418-9001	wsims@hjsims.com
Jeff Sands	203-418-9002	jsands@hjsims.com
Andrew Nesi	551-427-5135	anesi@hjsims.com
Mackenzie Welch	203-418-9024	mwelch@hjsims.com
Krystal Murphy	203-418-9028	kmurphy@hjsims.com

Rockville, MD

Aaron Rulnick	301-424-9135	arulnick@hjsims.com
Patrick Mallen	203-418-9009	pmallen@hjsims.com
Joseph Melville	203-418-9069	jmelville@hjsims.com

Bloomington, MN

Mark Landreville	952-683-7509	mlandreville@hjsims.com
Jay Hromatka	952-683-7506	jhromatka@hjsims.com
Christina Rappl	952-683-7507	crappl@hjsims.com

Philadelphia, PA

James Bodine	215-854-6428	jbodine@hjsims.com
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Austin, TX

Curtis King	512-519-5003	cking@hjsims.com
James Rester	901-652-7378	jrester@hjsims.com
Brett Edwards	512-519-5001	bedwards@hjsims.com

Orlando, FL

Robert Gall	407-313-1701	rgall@hjsims.com
Brian Paolo	407-313-1707	bpaolo@hjsims.com

Montvale, NJ -Sims Mortgage Funding - 201-307-9383

Anthony Luzzi	aluzzi@simsmortgage.com
Kerrie Tomasiewicz	ktomasiewicz@simsmortgage.com
Andrew Patykula	apatykula@simsmortgage.com

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