

# Capital Markets Finance Newsletter

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August 2013, Issue #8

## Market Update

The municipal market came under significant pressure toward the end of the second quarter when the Federal Reserve discussed the potential tapering off of Quantitative Easing. Muni yields peaked in mid-June as a result of this commentary, and later saw new highs during the third week of July. The ongoing outflows from municipal bond funds are one factor causing the yield curve to steepen, another is the recent Chapter 9 filing by the City of Detroit, causing uncertainty in the market. The rise in yields is eroding economic refunding opportunities. The fourth week of July marked the ninth consecutive week of municipal bond fund outflows, at \$1.2 billion, down from \$1.6 billion the prior week. The 30-year MMD High Grade Index ended the week of 7/22 at 4.21%. The Treasury market ended the week down slightly with rates rising across the curve. The yield on the benchmark 10-year note rose seven basis points to 2.56% and the yield on the 30-year bond increased five basis points to 3.62%.

Source: Barclays Capital

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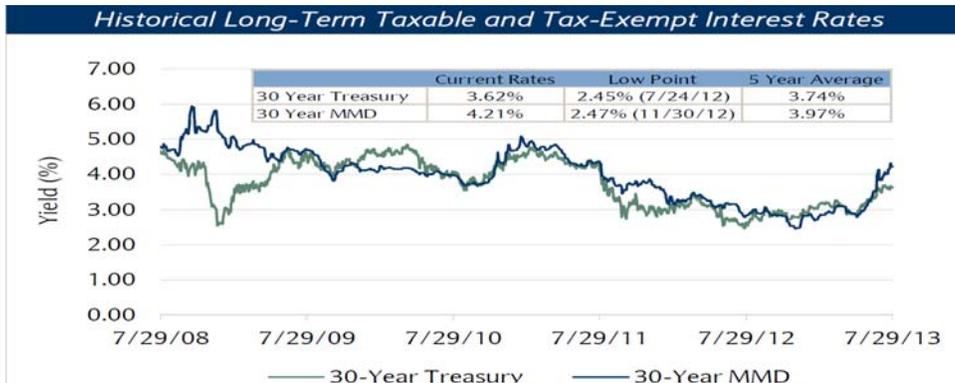
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## SPWB Update

The Regents of the University of California, at its July 17<sup>th</sup> meeting, approved to refund all State Public Works bonds issued on behalf of the University.



### Staff Update



#### CMF Additions!

*Caroline Brossard*, Senior Finance Officer. Caroline comes to us with 13 years of public finance experience.

*Rafiq Ismail*, Finance Officer. Rafiq joins CMF with 6 years of experience in debt funding.



#### CMF Departure!

*Allen Yin* joined CMF in 2011 as a Finance Officer. He is leaving the University to spend a year teaching English in Korea.



## TM1 Debt Management Module

The IBM Cognos-based online Month-End Funding platform, TM1, is being targeted for rollout in the latter part of CY 2013. The IBM team has finalized the design of the web based debt management system, and has loaded data for the capital projects currently being funded from external and interim financing. Capital Markets Finance will be working collaboratively with select campuses to test the design and integrity of the data. In the next few months, campuses and medical centers will be given an opportunity to access the system and use the various modules to test the performance of the online month end funding process. Capital Markets Finance will be contacting campuses and medical centers to schedule a training session for the users of the system, and will provide guidance on the functionality and mechanics of the TM1 funding system. We look forward to working with you to present an efficient and convenient month end funding process.

*“The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency.”*

– Bill Gates

