

How to Read MuniPriceTracker Reports

Summary of Findings

This summary report provides quick reference to the bond series that is being monitored. Users of the system provide “price thresholds” for each maturity. The price threshold is the dollar price that the system will monitor, reporting all those trades that occur above the price threshold. Some users like to monitor any trade that occurs above the original issue price. Others have a higher price threshold, such as the de minimis premium for Build America Bonds. On this report, questionable bond trading activity summarized by maturity is shown with a “yes” in the Issue Price Alert column and Safe Harbor alerts are summarized with a “yes” in the Safe Harbor Alert column.

This report identifies whether a Price Threshold has been breached (have there been any trades at a price higher than the user-defined threshold price?) and whether the Safe Harbor test has been met (has 10% of each maturity been sold to the public?). This report is a snapshot of the findings and is designed so that the user can quickly determine if review of additional details is necessary. Additional details are found on the remaining reports.

Summary of Trading Activity

This report provides at-a-glance statistics of trading activity on a per-CUSIP basis, including the total number of trades that have occurred since issuance, the total number of trades at the original issue price and the total number of trades at a price higher than the original issue price. In addition, the report shows the minimum and maximum trade prices during the report period along with an average trade price. This report shows each bond maturity and the summary statistics for that maturity on a single line. It can be used to review the magnitude of trading and the range of trading for an individual bond maturity. The key information to look at on this report is the total number of trades that were reported at a higher price than the issue price. Complete details of the trading activity, including a report of all trades, can be found on the additional reports.

Issue Price Alerts

This critical report identifies whether trading activity has breached the user-defined Price Thresholds (e.g. the original issue price or the BABs de minimis amount of premium). Importantly, the user will be able to quickly identify if any given CUSIP has breached a Price Threshold both on an unadjusted and a market-adjusted basis. *MuniPriceTracker calculates and identifies whether changes in market rates explain changes in the prices of secondary bond trades. The Issue Price Alert report contains summary information by CUSIP and is organized so that the user can easily see if an issue price alert is present for that maturity and the par amount of the maturity that traded above the threshold. The market-adjusted alerts use market indices to establish changes in the interest rate markets, then recalculate the prices of the trades to take into account those interest rate changes.*

Threshold Trades - Unadjusted

This detailed report identifies any and all trades that breach a user-defined Price Threshold without any adjustment for movement in market interest rates (unadjusted). No calculations are performed or necessary here - this simply reports trades that have occurred above the threshold price for each maturity. The report is organized on a CUSIP by CUSIP basis and includes a line item for each individual trade rather than a single line summary. This report provides the detail that is needed to review the trades and determine if any

action is necessary as a result of the trading activity. Trades are identified by reported trade type and par amount. Trades are shown in reverse order by date and time with the most recent trade first.

Threshold Trades - Market Adjusted

This detailed report identifies any and all trades that breached a user-defined Price Threshold on a market-adjusted basis. Basically, it eliminates all the trading activity from the prior report where changes in interest rates explain the premium trade. Prices are adjusted for changes in the relevant interest rate market. Calculations are fundamental to the statistics on this report, and will help identify whether market interest rate changes can explain away any or all premium trades. The report is organized on a CUSIP by CUSIP basis and again includes each trade. This report allows the user to isolate potential problem trades even further by adjusting for interest rate changes during the review period. Again, this report is organized with the most recent trades first, with date and time stamps showing when the trades were reported to have occurred by the underwriter.

Market-Adjusted Price Calculation Detail

This report is for those who like numbers, as it identifies the changes in market rates that are used to recalculate an individual maturity's Market-Adjusted Trade Price. While our pricing algorithm is complex, we've made the report easy to read and understand. This report also identifies what percentage of any premium trade is not explained by market movement, a statistic that is used in further analysis identified on the unexplained premium report. The goal of this report is to demonstrate the change in the interest rate market and show how that market movement can change the market price of the maturity being monitored. This report will show only those trades where a price threshold has been breached.

Unexplained Premium

This report provides, in dollars, the amount of premium on secondary trades that cannot be explained by market rate movement. The report is organized on a CUSIP by CUSIP basis, and shows the dollar amount of premium above the issue price. You can now observe how trading activity could affect the Issue Price of any bond issue. This report can help to re-establish the bond yield if bond counsel determines that the secondary market trades require an adjustment to the issue price. The market adjusted issue price calculation, found in the four columns on the right side of the report, shows the amount of premium for each trade, the percentage of the premium that cannot be explained by movement in interest rates and the unexplained premium in dollars.

Safe Harbor Alerts

This report details whether at least 10% of each CUSIP has been sold to the public at or below the Original Issue Price. With all the detailed reporting on premium trades, don't forget to check if the bond series has met the Safe Harbor test. This report provides the detail needed to validate the representations being given by the underwriter regarding the certification of sales to the public. We also show the total par amount of sales to the public and the percent of the maturity that was sold at or below the initial offering price.

Trade Detail - All Trades

For those who want to see all of the reported trading activity, we provide a single report with all of the raw trading data, nicely organized on a CUSIP by CUSIP basis and shown by date and time that the trade was reported, without the hassle with looking at several pages on the EMMA website. MuniPriceTracker has gathered and formatted bond trade data in an easy-to-read manner.