

# ZIEGLER INVESTMENT BANKING

## SENIOR LIVING FINANCE Z-NEWS

### MARKET COMMENTARY

## FROM A CAPITAL MARKETS PERSPECTIVE

Early in the week Domestic and foreign catastrophes dominated investor sentiment. Stock futures dropped severely after the close of trading on Monday as news hit of North Korea's launch of a ballistic missile over Japan. The negative momentum sustained when trading opened Tuesday morning, but investors appeared to welcome a measured response to the provocation on the part of President Trump. The devastation from Hurricane Harvey also seized investors' attention. The impact on energy stocks was instant, with gasoline futures reaching a two-year high in response to a substantial shutdown in refinery production. The refinery shutdown also weighed on oil prices. The hurricane's impact on the U.S. economy appeared to be mixed, with the paralysis in economic activity in the affected region likely to be offset somewhat by rebuilding efforts.

Equity markets experienced generally light trading in advance of the Labor Day holiday. Advances later in the week helped stock indexes finish the week higher. The gains carried the large-cap indexes and the technology-heavy Nasdaq Composite near their all-time highs. In a continued theme for year, technology stocks performed well, helped by strong midweek increases from Internet firms Facebook, Amazon.com, Netflix, and Google.

While stock prices seemed indifferent by the non-farm jobs data, Treasury prices had a measurable reaction. Bond sold off on Friday morning, taking the yield on the 10-year Treasury note back in line with where it started the week. On Tuesday, the 10-year yield temporarily touched its lowest yield since the November 2016 elections on worries over the Kim Jong Un's chicanery. Municipals once again traded on technical supply and demand dynamics. With a light calendar ahead of the Labor Day holiday weekend, leading to subdued trading throughout the week. Investors in municipal bond funds continued to put cash into the funds in the latest week, according to Lipper data released late Thursday. The weekly reporters drew \$344.518 million of inflows in the week of Aug. 30, after inflows of \$750.500 million in the previous week.

ADAM J. BUCHANAN  
SENIOR VICE PRESIDENT

*See pages 4-5 for current market rates*

*Market and other data within this report derived from Bloomberg and other sources deemed to be reliable.*

### ZIEGLER

200 South Wacker Drive | Suite 2000  
Chicago, IL 60606

### CONTACT US

800 366 8899  
askziegler@ziegler.com



## FEATURED ARTICLE

## THE POWER OF PREPARATION &amp; SUPPORT

With Hurricane Irma having her sights on the state of Florida, we are reiterating the importance of having a plan – Emergency Preparedness. Several of our senior living providers call Florida home and as the southern tip of Florida: Key West, Miami, Homestead, and more prepare for evacuation, we have them in our thoughts and prayers. Irma is currently a category 4 hurricane that devastated small islands in its path, beat up the U.S. Virgin Islands and Puerto Rico, and is now heading towards the state of Florida. We all saw the magnitude and devastating effects a hurricane can cause with the events from the past weeks related to Hurricane Harvey – it serves as a stark reminder for every senior living organization that being prepared for disasters, whether driven by mother-nature or accidental, is an important part of planning.

We continue to keep all of those dealing with these catastrophic events in our thoughts and prayers. Specifically, for the senior living providers, they are not only dealing with ensuring the safety of their own residents, but also with staff and volunteers. We also want to recognize our first responders, law enforcement, National Guard and others who, without hesitation, risk their lives to ensure our safety.

We continue to keep the best interests of those along the Atlantic Coast and the entire state of Florida top of mind and encourage everyone to provide support if they can through LeadingAge, the American Red Cross, or other related avenues.

LISA McCracken  
DIRECTOR  
SENIOR LIVING RESEARCH & DEVELOPMENT

AND

CATHY OWEN  
ASSISTANT VICE PRESIDENT  
SENIOR LIVING RESEARCH

**NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS**

AUGUST 29 - SEPTEMBER 6, 2017

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Foulkeways at Gwynedd (PA)	S&P	BBB Stable	Affirmed Rating	8/29/17
Lutheran Senior Services (MO)	Fitch	BBB Stable	Downgraded Rating	8/30/17
Garden Spot Village (PA)	S&P	BBB Stable	Affirmed Rating	9/1/17
Fleet Landing aka Naval Continuing Care Retirement Foundation (FL)	Fitch	BBB Stable	Affirmed Rating	9/6/17
Ingleside at King Farm aka King Farm Presbyterian Retirement Community (MD)	Fitch	BB Stable	Affirmed Rating	9/6/17
Plymouth Place (IL)	Fitch	BB+ Negative	Affirmed Rating Revised Outlook	9/6/17
Querencia at Barton Creek (TX)	Fitch	BBB- Stable	Affirmed Rating	9/6/17
Sunset Retirement Communities (OH)	Fitch	A- Stable	Affirmed Rating	9/6/17

*This ratings table represents review of the reports released by Fitch Ratings, Standard & Poor's, and Moody's Investors Service and has been compiled by Ziegler Investment Banking.*

**INTEREST RATES**

FOR THE WEEK ENDING SEPTEMBER 1, 2017

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.70%	2.73%	2.84%
Senior Living 30-Yr "A"	3.60%	3.63%	3.91%
Senior Living 30-Yr "BBB"	4.00%	4.03%	4.33%
Senior Living Unrated	4.60%	4.63%	4.95%
Senior Living New Campus	6.75%	6.75%	6.64%
SIFMA Muni Swap Index	0.79%	0.77%	0.74%

*Source: Ziegler Capital Markets*

**FEATURED FINANCINGS**

*Correction from previous Z-News*



**\$25,620,000**

California Municipal Finance Authority, Revenue Bonds, Series 2017A

**\$45,685,000**

Public Finance Authority, Revenue Bonds, 2017B

Retirement Housing Foundation Obligated Group, Corporate Taxable Bonds

**\$9,086,000**, Series 2017C (California Obligated Group)

**\$12,734,000**, Series 2017D (National Obligated Group)

**RETIREMENT HOUSING FOUNDATION OBLIGATED GROUP**

Long Beach, California

## MARKET REVIEW

## MONEY MARKET RATES

	9/01/17	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	4.25	4.25	4.25	3.50
Federal Funds (weekly average)	1.14	1.16	1.14	0.38
90 Day T-Bills	0.99	1.01	1.07	0.32
30-Day Commercial Paper (taxable)	1.11	1.10	1.12	0.39
Libor (30-day)	1.23	1.23	1.23	0.52
7 Day Tax-Exempt VRDB	0.79	0.78	0.79	0.63
Daily Rate Average	0.78	0.77	0.65	0.56

## COMPARATIVE YIELDS

TAXABLE REVENUE				TAX-EXEMPT REVENUE							
	GOVT	NR*	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	1.19	2.00	1.79	1 Year	0.77	2.02	2.18	1.92	1.52	1.22	1.02
5 Year	1.73	4.25	2.73	5 Year	1.12	2.62	3.07	2.52	2.12	1.77	1.52
7 Year	1.99	4.75	3.34	7 Year	1.43	3.18	3.52	3.03	2.63	2.23	2.03
10 Year	2.16	5.00	3.56	10 Year	1.86	3.76	4.10	3.66	3.16	2.76	2.46
30 Year	2.77	6.25	4.42	30 Year	2.70	4.60	4.83	4.50	4.00	3.60	3.30
				5 year ADJ RATE	4.25						

(\* Representative of recent non-rated issues underwritten by Ziegler retail sales); (\*\* Representative of institutional sales.)

## TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2017 HIGH	LOW
Bond Buyer					
20 Bond Index	3.51	3.53	-0.02	4.02	3.50
11 Bond Index	3.02	3.04	-0.02	3.53	3.01
Revenue Bond Index	3.72	3.74	-0.02	4.17	3.70
30 Year MMD	2.70	2.73	-0.03	3.24	2.70
Weekly Tax-Exempt Volume (Bil)	3.03	3.38	-0.35	7.93	0.46
30 Day T/E Visible Supply (Bil)	3.67	6.23	-2.56	13.37	4.13
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	131.38	131.04	+0.34	147.05%	120.39%

## INTEREST RATE COMPARISON

DATE	7-DAY T/E VRDB	PRIME RATE	FED FUNDS WEEKLY AVG.	13-WEEK		LIBOR (30-DAY)	30-YEAR		
				T-BILL RATE	C.P.RATE TAXABLE		T/E BONDS (A-AAA)		
09/01/17	0.79	4.25	1.14	0.99	1.11	1.23	3.60	-	3.30
08/25/17	0.78	4.25	1.16	1.01	1.10	1.23	3.63	-	3.33
08/18/17	0.77	4.25	1.16	0.99	1.07	1.22	3.67	-	3.37
08/11/17	0.78	4.25	1.16	1.03	1.11	1.22	3.63	-	3.33
08/04/17	0.79	4.25	1.14	1.07	1.12	1.23	3.61	-	3.31
07/28/17	0.82	4.25	1.16	1.08	1.09	1.23	3.64	-	3.34
07/21/17	0.82	4.25	1.16	1.15	1.10	1.22	3.71	-	3.31
07/14/17	0.83	4.25	1.16	1.01	1.12	1.22	3.83	-	3.43
07/07/17	0.86	4.25	1.16	1.03	1.08	1.22	3.82	-	3.42
06/30/17	0.91	4.25	1.13	0.99	0.90	1.22	3.79	-	3.39
06/23/17	0.87	4.25	1.16	0.96	1.09	1.21	3.69	-	3.29
06/16/17	0.81	4.25	1.01	1.01	1.11	1.17	3.70	-	3.30
06/02/17	0.76	4.00	0.89	0.95	0.86	1.08	3.75	-	3.35
05/05/17	0.85	4.00	0.91	0.88	0.83	0.99	4.08	-	3.63
04/07/17	0.88	4.00	0.90	0.81	0.86	0.98	4.09	-	3.59
03/03/17	0.62	3.75	0.64	0.69	0.65	0.83	4.26	-	3.76
02/03/17	0.65	3.75	0.64	0.49	0.61	0.78	4.35	-	3.55
01/06/17	0.68	3.75	0.62	0.51	0.62	0.76	4.40	-	3.55
12/02/16	0.56	3.50	0.38	0.47	0.50	0.62	4.80	-	3.85
11/04/16	0.56	3.50	0.38	0.37	0.40	0.53	3.55	-	2.85
10/07/16	0.87	3.50	0.40	0.31	0.39	0.52	3.30	-	2.75
09/02/16	0.56	3.50	0.38	0.32	0.39	0.52	2.75	-	2.40

Market and other data within this report derived from Bloomberg and other sources deemed to be reliable.