



Debt & Derivative Advisors

Leaders in Healthcare Finance

Market Update: Healthcare

www.soundcapital.com

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General High Grade and Healthcare Yield Curves

	AAA GO	Insured Healthcare	A Healthcare	SWAPS	
				SIFMA	67% of LIBOR
2 Yr	2.18	2.41	2.58	2.29	1.94
5 Yr	2.68	3.01	3.38	2.71	2.34
10 Yr	3.28	3.67	4.16	3.21	2.80
20 Yr	4.12	4.51	5.05	3.63	3.11
30 Yr	4.28	4.67	5.24	3.72	3.15

Healthcare Market News

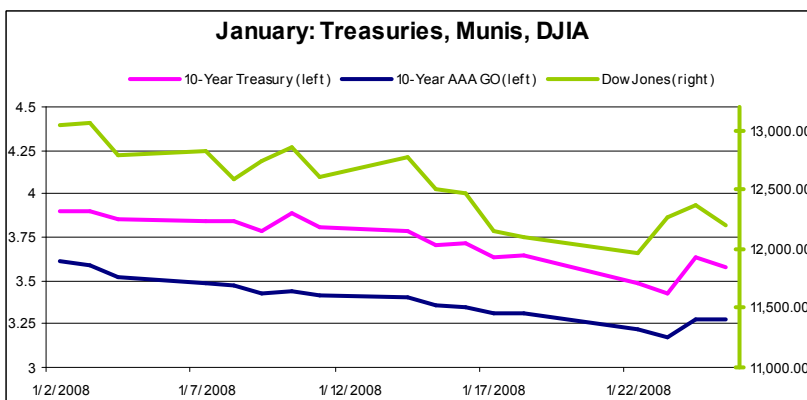
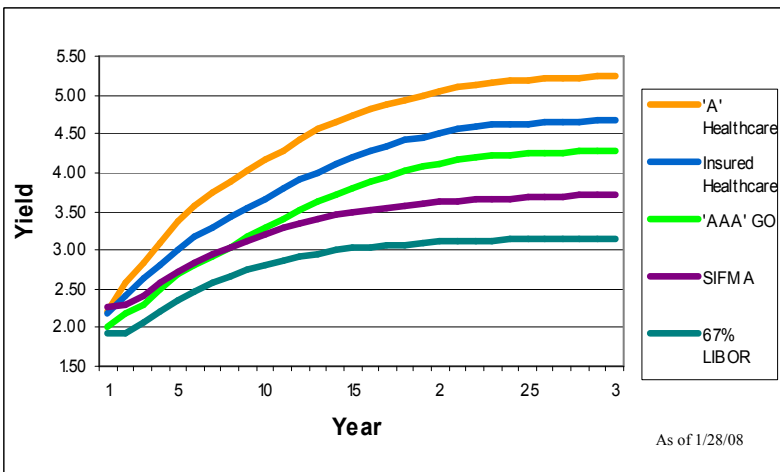
The Fed announced an emergency 75 basis point cut in the Fed Funds rate last Tuesday to 3.5% from 4.25%. **The largest cut in over 23 years** helped rescue the plummeting equity markets on Tuesday, but the decision came with wide criticism that the Fed has shifted its historically disciplined focus on growth and inflationary pressures to becoming a market reactionary regulator. **The market largely expects another rate cut of 25-75 basis points** on Wednesday when the Federal Open Market Committee announces its scheduled decision.

During a volatile 4-day week, the Dow traded in a large 9% range but ended +0.9% for the week. The yield on the 10-year Treasury closed at 3.58% on Friday, down 7 basis points for the week. It closed at **3.48% on Wednesday, touching the lowest yield since July, 2003**. Municipals also saw historically low yields, as the 10-year AAA GO touched 3.17% on Wednesday, **its lowest yield in nearly 4 years**.

Muni bond insurer **XLCA was downgraded by Fitch to A from AAA** last Thursday. Fitch also downgraded Ambac to AA from AAA on 1/18/08. Moody's and S&P have yet to announce any downgrade on a AAA bond insurer, although a downgrade seems increasingly likely.

On the primary calendar in Healthcare, there is a light week with \$520MM in new-issuance. Highlights include 1) \$261MM Washington County Hospital, MD, 2) \$121MM Good Samaritan Hospital, CA, and 3) \$90MM Hospital Auxilio Mutuo, PR.

In the general municipal calendar, there is another light week with only \$3.2Bn in visible supply. Highlights include 1) \$469MM San Francisco International Airport, 2) \$232MM King County, WA, 3) \$175MM City of Austin, TX, and 4) \$157MM Harris County, TX.



Advertisement

MuniMarket Pulse podcast - Underwriter's Call: Chris Hall of Harris N.A. Says "Bond Insurance is Not Needed".
Go to <http://podcast.derivactiv.com>.



New Issue Summary

Recent Healthcare Transactions

Issues over \$20MM

Week of sale	\$MM	Issuing Authority	Borrower	ST	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
21-Jan	126.0	New York Dorm Authority	Montefiore Medical Center	NY	Rev	Aa2/AAA/---	08-24	Merrill Lynch	N
21-Jan	22.8	Fauquier Hospital		VA	Rev	---/BBB+/---	37	BB&T Capital Markets	N
21-Jan	20.0	Albany Industrial Dev Agency	St. Peter's Hospital	NY	Rev	Baa2/BBB+/BBB	15	Merrill Lynch	N
14-Jan	46.4	Matagorda County Hospital		TX	Rev	---/AAA Exp/---	10-18,27,35	Depfa First Albany	N
14-Jan	39.6	Olathe Health Facilities	Olathe Medical Center	KS	Rev	---/A+/---	8-12,37	Piper Jaffray	N

Highlighted AAA Healthcare Issue Details & Spread Analysis

New York Dorm Authority Montefiore Medical Center, NY	Maturity	Yield	+/- "AAA" GO
Aa2/AAA/---	2009	2.58	0.33
Enhanced: FHA	2010	2.68	0.38
Pricing Date: 1/21/08	2011	2.80	0.42
\$126.0MM Negotiated	2012	3.03	0.46
	2013	3.18	0.49
	2014	3.31	0.52
	2015	3.42	0.52
	2016	3.53	0.52
	2017	3.63	0.52
	2018	3.75	0.53
	2019	3.85	0.53
	2020	3.96	0.53
	2021	4.06	0.53
	2022	4.14	0.53
	2023	4.25	0.56
	2024	4.27	0.51

Issuers and borrowers may request SCM to perform a spread analysis on any issue. Call 952-996-0180.

Upcoming Healthcare Transactions

Issues over \$20MM

Week of sale	\$MM	Issuing Authority	Borrower	ST	Type	Rating (M/SP/F)	Due (20XX)	Manager	Comp /Neg
28-Jan	261.2	Maryland Health and Higher Education	Washington County Hospital	MD	Rev	---/---/---	12-18,23,43	Merrill Lynch	N
28-Jan	121.0	California Statewide Community Dev	Good Samaritan Hospital	CA	Rev	---/---/---		Shattuck Hammond	N
28-Jan	52.8	California Statewide Community Dev	Los Angeles Orthopaedic Hos	CA	Rev	---/---/---	08-30	JP Morgan	N
28-Jan	90.0	Puerto Rico Indl Tourist	Hospital Auxilio Mutuo	PR	Rev	---/---/---		JP Morgan	N

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