SPEER FINANCIAL, INC.

INDEPENDENT PUBLIC FINANCE CONSULTANTS SINCE 1954

N E W S L E T T E R

JANUARY 2002

THE MUNICIPAL MARKET

The year 2001 saw a fairly steady long-term rate with very low but fluctuating short-term rates. Long-term tax-exempt interest rates ranged just under a one half percent spread through the year. The *Bond Buyer* 20-Bond General Obligation Index hit 4.91% on November 8th, the lowest rate for the year. High for the year was 5.34% on April 26th. The 25-Bond Revenue Index was also fairly stable with a November 8th low of 5.20% and a May 24th high of 5.65%.

A year-end rise in rates reflects an economy which is perceived to be slowing but looking for an upturn, with any fear of inflation being ignored.

Interest Rates

Interest rates, bond sale volumes, and related statistics in this Newsletter come from reports published in *The Bond Buyer* newspaper. The 20-Bond Bond Buyer Index is the average tax-exempt market value, expressed in terms of yield, on the general obligation bonds of twenty selected issuers with Moody's ratings ranging from Baa1 to Aaa, averaging Al, and maturing in twenty years.

Kevin W. McCanna, President
David F. Phillips, Senior Vice President
Larry P. Burger, Vice President * Daniel D. Forbes, Vice President
Barbara L. Chevalier, Vice President
Raphaliata McKenzie, Assistant Vice President

SUITE 4100 * 1 NORTH LASALLE STREET * CHICAGO, ILLINOIS 60602 * (312) 346-3700 * FAX (312) 346-8833
SUITE 608 * 531 COMMERCIAL STREET * WATERLOO, IOWA 50701 * (319) 291-2077 * FAX (319) 291-8628

The annual yield of the Index in 2001 averaged 0.56% lower than 2001. Volatility, as seen in the "Low-to-High-Spread" below, dropped. The variance of 0.43% between the high and low rates in 2001 indicates the relative stability of the tax-exempt market.

20 G.O. Bond Buyer Index - Annual Averages

	Year Low		Year High		Low-to-High	Average
	Date	Yield	Date	Yield	Spread	Annual Yield
1991	Dec 26	6.58%	Jun 13	7.19%	0.61%	6.92%
1992	Jul 30	5.89%	Mar 19	6.79%	0.90%	6.43%
1993	Oct 20	5.20%	Jan 14	6.19%	0.99%	5.69%
1994	Feb 03	5.25%	Nov 17	7.06%	1.81%	6.15%
1995	Dec 07	5.35%	Jan 05	6.66%	1.31%	5.95%
1996	Feb 15	5.33%	Jun 13	6.12%	0.79%	5.75%
1997	Dec 23	5.14%	Apr 03	5.88%	0.74%	5.51%
1998	Oct 01	4.82%	Apr 30	5.32%	0.50%	5.07%
1999	Jan 08	4.96%	Dec 29	6.00%	1.04%	5.48%
2000	Dec 28	5.14%	Jan 20	6.09%	0.95%	5.71%
2001	Nov 08	4.91%	Apr 26	5.34%	0.43%	5.15%

A second indicator of the volatility of the municipal market is the difference in the average monthly yield. As shown below, 2001 volatility was generally low with certain periods being very active.

20 G.O. Bond Buyer Index - Monthly Average

	1996	1997	1998	1999	2000	2001
January	5.43%	5.72%	5.04%	5.01%	6.07%	5.09%
February	5.43%	5.64%	5.01%	5.03%	6.00%	5.17%
March	5.79%	5.76%	5.21%	5.10%	5.83%	5.13%
April	5.93%	5.88%	5.23%	5.07%	5.75%	5.27%
May	5.98%	5.70%	5.19%	5.18%	6.00%	5.29%
June	6.02%	5.54%	5.11%	5.37%	5.80%	5.20%
July	5.92%	5.35%	5.15%	5.39%	5.63%	5.19%
August	5.76%	5.41%	5.09%	5.58%	5.51%	5.03%
September	5.87%	5.39%	4.98%	5.69%	5.55%	5.09%
October	5.72%	5.39%	4.93%	5.92%	5.59%	5.04%
November	5.59%	5.33%	5.03%	5.86%	5.54%	5.03%
December	5.64%	5.19%	4.97%	5.95%	5.23%	5.24%
Monthly Average Differential	0.14%	0.12%		0.10%	0.07%	0.13%
					0.08%	

The Bond Buyer Index was reported at 5.16% on January 10, 2002. This compares to 5.26% during the last week of 2001.

Tax-Exempt Bond Sale Volume

The 2001 volume of long-term bonds was $286 billion, a increase from $199 billion in 2000. The bond volume was 85% traditional tax exempt, 10% subject to Alternate Minimum Tax and 5% taxable. About 10% was for refunding purposes, reflecting low rates. Some one-third was general obligation debt with two-thirds revenue supported. Approximately 22% was sold competitively with 78% negotiated, primarily very large deals.

Long-Term Municipal Bond Sales Volume - By Month
(000 Omitted)

	1998	1999	2000	2001
January	$18,270,500	$ 18,082.300	$ 9,864,200	$12,690,200
February	24,633,500	16,921,400	13,176,700	21,137,500
March	28,842,700	24,421,900	17,514,700	25,251,100
April	22,487,300	17,326,500	16,166,100	18,707,100
May	25,150,500	17,514,600	15,842,400	28,773,700
June	30,825,000	24,447,900	23,508,800	30,210,500
July	24,287,500	19,259,300	14,942,100	20,944,300
August	23,210,900	16,785,700	16,873,000	24,049,400
September	18,432,500	19,450,100	16,479,500	14,253,800
October	21,444,300	18,526,700	19,527,500	32,168,900
November	22,287,400	18,733,200	20,010,300	29,630,000
December	24,284,100	14,401,700	14,977,400	28,491,400
Total	$284,156,200	$225,871,300	$198,882,700	$286,307,900
Monthly Avg	$ 23,679,683	$ 18,822.608	$ 16,573,558	$ 23,858,991

The summary of bond sales below shows an average mid-1990's market.

Long-Term Municipal Bond Sales -- Annual Summary

Year	Amount (000)	No. Of Issues	Size of Avg. Issue	Sales Per Day(1)
1960	$ 7,229,500	6,529	$ 1,107,291	25
1970	17,761,646	4,701	3,778,270	18
1980	47,133,366	5,550	8,942,498	21
1985	204,280,608	10,062	20,302,187	39
1990	127,932,800	8,826	14,494,992	34
1993	291,853,600	14,379	20,297,211	55
1996	183,346,000	11,326	16,188,063	43
1997	220,449,000	12,316	17,899,400	47
1998	284,156.200	14.993	18,952,591	58
1999	225,871,300	13,017	17,352,025	50
2000	198,882,700	10,924	16,573,558	42
2001	286,307,900	13,614	21,030,336	52

Note: (1) Sales per day assumes 52, five-day weeks.

2001 Long-Term Municipal Bond Sales by Purpose

Purpose	Amount (000)	Percent
Development	$ 7,506,800	2.6%
Education	71,380,700	24.9%
Electric Power	11,369,800	4.0%
Environmental	6,083,700	2.1%
Health Care	23,304,700	8.1%
Housing	21,806,000	7.6%
Public Facilities	11,032,400	3.9%
Transportation	32,210,500	11.3%
Utilities	29,210,900	10.2%
General Purpose	72,402,400	25.3%

SPEER FINANCIAL CLIENT BOND SALES

The year 2001 continued to be busy for Speer Financial for which we thank our clients.

	2001		2000		1999		1998	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Negotiated.....	58	$162,885,391	35	$151,538,460	49	$305,399,035	38	$299,542,000
Competitive.....	127	538,814,739	93	288,545,895	84	327,379,506	118	439,121,373
Total Sales	185	$701,700,130	128	$440,084,355	133	$632,778,541	156	$738,663,373

* * * * * * * *

Speer Financial would like to thank the new and renewing clients who selected us as their Financial Advisor in 2001. We appreciate your trust and continue to strive to provide the highest possible quality of service to all clients.

City of Danville, IL
City of Warrenville, IL
City of Fairfax, IA
City of Elgin, IA
City of Alburnett, IA
Mt. Prospect S.D. 57, IL
Carbondale P.D., IL
Kinsgbury P.D., IL
Coogan Utilities, IA
Pecatonica Public Lib. Dist. IL
Village of Bedford Park, IL
City of Chicago, IL
Village of Phoenix, IL
Village of Lena, IL
City of Charleston, IL
City of Geneva, IL
Fairfield S.D. 225, IL
Savanna P.D., IL
Fayatte County, IA
Frankfort Township. IL
Lisle-Woodridge Fire Dist., IL
Village of Hoffman Estates, IL
City of Grand Mound, IA
City of Gilman, IL
City of Gilbertville, IA
Fisher S.D. No. 1, IL
Hamilton P.D., IL
Will County , IL
Campton Township, IL
Edgar Marshall Water Authority, IL
Will County Forest Preserve District
Michigan Public Power Agency, MI

SPEER FINANCIAL, INC.
1 NORTH LASALLE STREET
SUITE 4100
CHICAGO, IL 60602