

First Quarter 2023 Public Finance Infrastructure Financings Lower, as Expected - Our Update on Issuance, Fund Flows, & Benchmark Yields

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- The supply and demand dynamic is typically a driving factor influencing the value of municipal bonds. For the first quarter of 2023 issuance was 27% lower year-over-year, a decline very close to what we expected to materialize.
- We forecast only \$350 billion of annual issuance and continue to believe that amount is still probable for the year.
- The worst of the investment flows out of municipal funds could be over. Only \$92 million was pulled from municipal mutual funds as of the week ending April 6 per Lipper data.
- Municipal benchmark yields have fallen since the bank stress in March. CPI data out this morning reinforced the likelihood that at least one more quarter point hike by the U.S. Fed at their May 3 meeting is to be expected.

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