Liberation Day Impact: Top Municipal Opportunity Since 2023 Amid Macro, Tariff Uncertainty

Tom Kozlik

- **Escalation of Trade War:** President Trump's Liberation Day announcement introduced new tariffs, shaking the global economic order and U.S. financial markets, increasing recession fears.
- **Trade Policy Uncertainty:** The Trade Policy Uncertainty Index has risen sharply, reflecting heightened market concerns, with potential impacts from Liberation Day yet to be fully realized.
- **Investor Behavior:** Investors are adopting a risk-off stance, shifting towards safer assets amid market volatility and macro uncertainty, creating potential opportunities in municipal bonds.
- **Municipal Bond Yields:** AAA MMD yields surged, reaching a one-day increase not seen since the COVID crisis, presenting attractive investment opportunities despite uncertainty.
- **Tax-Exempt Status of Existing Bonds:** Despite ongoing policy uncertainty, we believe existing municipal bonds are likely to retain their tax-exempt status, as eliminating it could undermine investor trust and market stability.

Read the full article

Read more Municipal Commentary

©2026 Hilltop Securities Inc. \ All rights reserved \ MEMBER: NYSE/FINRA/SIPC