Municipal Bonds are an Exceedingly Appealing Fixed Income Opportunity Right Now

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- Municipal yields have risen substantially since the beginning of 2022. Some income seekers are noticing and we do not want investors to miss the opportunity.
- A traditional relative value indicator, the Municipal to U.S. Treasury Ratio (M/T Ratio) is attractive on a historical basis. M/T Ratios have risen above their averages going back to the beginning of 2010.
- The municipal credit backdrop remains strong. The Golden Age of Public continues, and public finance upgrades remain poised to outpace downgrades in 2022. We are watching closely to see if an economic downturn could spoil this expectation.
- Remote work is a theme to watch as it relates to U.S. public finance. Kastle Systems data still at just 43% of the pre-COVID-19 level is likely close to the new normal, we think. Municipal finance will need to adjust.

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