Municipal Market Holds Steady as Economic Crosscurrents Intensify

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- Macro-economic uncertainty persists, yet municipals remained stable. Economic turbulence continued with labor market stress, weak consumer sentiment, and a government shutdown that could end this week. The Fed has signaled a December rate cut is uncertain, though softening data may revive expectations.
- The municipal bond "moment" we highlighted in October is still intact. **Attractive municipal yields remain available, and investor demand is strong.** More than $12.5 billion has flowed into municipal mutual funds since late summer, including $1.3 billion last week. With supply expected to tighten after mid-November, individual investors may find it increasingly challenging to secure bonds.
- Trade policy uncertainty continues to weigh on the broader economy. The ISM manufacturing index fell again in October, and the **Trade Policy Uncertainty Index remains elevated**, reflecting persistent concerns that could influence investor behavior heading into year-end.
- New York City voters **elected Zohran Mamdani as mayor**, signaling a potential ideological shift toward progressive policies focused on affordability and equity. His administration will face immediate challenges balancing fiscal stability with rapid technological change.

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