Municipals Still Investable in Front of the Fed's June 2022 Announcement

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- We still believe tax-exempt and taxable U.S. municipal bonds are investable in front of the Fed's June 2022 policy announcement.
- Tax-exempt and taxable municipal yields, relative value indicators, and credit spreads are all still very attractive compared to historical pricing and some other fixed income options.
- Investors should concentrate on creating or adding to positions with high-quality (Aa3/AA- rated or above) general obligation and revenue bonds. It will likely make sense for investors to continue to add to these positions throughout the rest of 2022.
- Investors can and should be selective in the current environment. We do not think it is necessary for investors to take unnecessary risk by purchasing municipal bonds with heightened pension liabilities or debt from issuers who are not appropriately managing their pension risk.

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