The Municipal Bond "Moment" Persists—But Cracks Are Forming

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- Municipal bond yields remain at generationally attractive levels, hovering near their mid-September levels. Investor demand continues to be robust, with nearly $8 billion flowing into municipal bond mutual funds since mid-August—underscoring confidence in the asset class amid a cloudy economic landscape.
- A range of emerging risks is amplifying market uncertainty and revealing signs of labor market weakness. While some indicators point to economic deceleration and suggest further rate cuts ahead, overall growth expectations remain relatively solid despite these warning signals.
- October's robust primary market municipal bond issuance calendar presents a compelling opportunity for municipal investors, with abundant supply creating favorable entry points. Delaying until November or December could mean contending with declining rates, intensifying demand, and tightening supply conditions.

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