The Municipal Sector is Where Investors Can Wait Out the Uncertainty, Next Recession

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- We still very much like the municipal bond sector as a place where investors can wait out the economic uncertainty that is here. Whether we enter a post-COVID recession or not, U.S. public finance is ready.
- State and local government balance sheets are prepared (and preparing) for the economic storm that is developing. Our "Positive" credit sector outlooks remain on the state, local government and school district sectors.
- On July 28 Lipper reported $236 million flowed into municipal mutual funds.
- Investors should continue to put money to work in municipals – once positive fund flows return consistently it could be too late to find an investment edge.
- The newly proposed Inflation Reduction Act of 2022 does not include any municipal bond or public finance friendly elements and we do not expect them to be added. The Act's passage should also not be considered a done-deal despite recent press coverage.

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