Bond Case Briefs

Municipal Finance Law Since 1971

Bloomberg: Muni Bond Funds Poised for 20% Gains Even After November's Surge

- **Leveraged closed-end funds rallied with broader market**
- **Steep discount, Fed cuts, activism seen powering returns**

Municipal bond funds that use borrowing as a way to juice returns had a banner month in November, surging almost 12%. Some market watchers say that's only just the start.

Leveraged closed-end muni funds rallied along with the broader market as evidence of slowing job growth and cooling inflation convinced traders that the Federal Reserve's rate-rise cycle is over. Further gains may be in store should the central bank pivot to cutting rates next next year, as many now expect.

But there's more to the story. Despite last month' gains, leveraged closed-end muni funds are still trading at steep discounts to their net asset value. In the past, this has set them up for a market-beating performance. Taken together, these conditions — combined with the arrival of activist investors looking to push measures that would boost funds' share value — paint a bullish picture for the sector.

Continue reading.

Bloomberg Markets

By Martin Z Braun

December 6, 2023

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com