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[Worst Returns Since September Show Munis Vulnerable to Fed Talk.](#)

- **April's 1.24% loss tracks credit markets drop on rates review**
- **Pickup in supply, slack funds demand also weighed on muni debt**

Municipal bonds this month showed that all credit markets are vulnerable to the worry over interest rates remaining high, producing their worst performance since September.

US state and local debt is on track to post a loss of 1.24% in April, according to Bloomberg indexes. Treasury and other debt markets have been selling off as economic data indicates persistent inflation pressures.

Wall Street firms and investors have tempered their expectations for interest-rate cuts in 2024, now anticipating the Federal Reserve will hold borrowing costs at a more than two-decade high at its meeting on Wednesday.

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