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BofA, Barclays Municipal Bond Strategists Are At Odds Over Summer Rally.

- **Bank of America sees an 'easy' rally with spreads tightening**
- **In contrast, Barclays remains cautious on surge in bond sales**

Two of the biggest banks in the $4 trillion municipal bond market are conflicted over whether the summer will bring a rally for state or local government debt or instead leave investors disappointed.

In research notes published within minutes of each other Friday morning, strategists at Barclays Plc and Bank of America Corp. diverged on their outlooks for the next several weeks. BofA portrayed a sunny view — calling for an "easy" rally with credit spreads tightening, while Barclays provided a more cautious outlook.

"We expect the muni market rally during the summer months to be gradual and methodical as the economy is entering a goldilocks zone and macro market volatilities come down steadily," the BofA group led by Yingchen Li and Ian Rogow wrote in a note to clients.

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