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Municipal Bonds Rally Most Since May as Fed Seen Slow to Cut.

Municipal bonds are staging a broad advance, pushing yields down the most in seven weeks as investors abandon stocks for fixed-income assets on concern the Federal Reserve is waiting too long to cut rates.

Yields on top-rated municipal benchmark bonds fell as much as seven basis points across the curve on Thursday, according to data compiled by Bloomberg. Thirty-year bond yields dropped seven basis points to 3.58% as of Thursday afternoon, heading for the biggest daily decline since May 3, while those on 10-year securities also posted a six basis point drop to 2.7%, the data show.

Fed Chair Jerome Powell indicated Wednesday that central bank officials are on track to reduce rates in September unless inflation progress stalls. The July employment report due Friday likely will fuel speculation on rate cuts.

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