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Muni Debt Poised for Strong Year as Higher Yields Woo Investors.

- · Bankers, investors expect strong flows from retail buyers
- · Possible tax changes remain a threat but market is mobilizing

Higher municipal-bond yields are spurring a buying opportunity for investors looking for relative value against taxable fixed-income securities.

The state and local-government debt market is poised for another strong year in terms of issuance and demand from retail buyers, provided federal lawmakers maintain the bonds' tax-exempt status, according to investors and bankers who took part in a Bloomberg panel discussion on Thursday. Ten-year benchmark muni yields jumped to 3.28% earlier this month, the highest since November 2023.

"On an absolute yield basis after-tax, munis are more attractive than every other fixed income asset class," Rachel Betton, managing director at JPMorgan Asset Management, said at the event. "People are going to continue putting money into munis, assuming they're tax-exempt."

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