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## **Bonds Are Getting Pricey. Munis Still Look Cheap and Could Rally.**

In many corners of the bond market, it can be difficult for investors to find attractive yields. In contrast, municipal bonds still look like a bargain.

The Federal Reserve's decision earlier this week to cut short-term interest rates poses a threat to income investors. It likely means smaller payouts from CDs, money-market funds, and other yield instruments.

For investors in long-term instruments such as bond mutual funds, the blow is less severe. Long-term interest rates don't move in lockstep with the short-term federal-funds rate, and when rates do come down, investors can count on rising bond prices to cushion the blow. (Bond prices move in the opposite direction to rates.)

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