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Municipal Bond Stress Is Isolated — Here's Why It Matters

Municipal defaults remain rare, but recent data shows a widening gap between the safest and riskiest sectors, highlighting the need for careful credit research and selective sector exposure.

Key Takeaways:

- "Risky" muni sectors show rising defaults while "safe" sectors defaults remain near zero.
- Senior living, charter schools, and Industrial Development Bonds drive most default activity.
- Diversification and focus on essential-service credits remain crucial in the muni sector.

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