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Munis in Focus: A Q1 2026 Recap

Q1 2026 threw a lot at investors: geopolitical tension, rate volatility, and macro uncertainty. Here's why municipal bonds held up, and why the setup heading into Q2 may be even more compelling.

Key Takeaways

- Despite a noisy Q1, high-quality munis continued to pay investors their interest and principal as intended.
- Muni yields rose faster than Treasuries in Q1, pushing the 30-year muni/Treasury ratio to near two-year highs, up over 2 points since year-end.
- Credit quality remains excellent with state tax collections still running 10%+ higher in key states. This is a rate story, not a credit story.

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VanEck

by Drew Anderson
Associate Product Manager

James Colby
Senior Municipal Strategist

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