

Bond Case Briefs

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MSRB Reminds Investors of Risks of Rising Interest Rates in Municipal Market.

Washington, DC – Following the recent steep rise in municipal bond yields, the Municipal Securities Rulemaking Board (MSRB), the national regulator for the municipal market, today issued a statement today cautioning investors about the potential risks to bond positions and bond portfolios of rising interest rates.

“Yields in the municipal bond market reached a one-year high last week,” said MSRB Executive Director Lynnette Kelly. “Given this trend, it is important that investors review their municipal bond holdings with their financial professionals, monitor market developments and educate themselves about the risks of rising interest rates.”

The MSRB provides multiple free investor education resources related to interest rate risk including the [*Impact of Market Interest Rate Movement on Municipal Bond Prices and Yields*](#), [*Evaluating a Municipal Bond's Interest Rate Risk*](#) and [*The Importance of Monitoring Municipal Bonds*](#).

“Municipal bond investors can use the MSRB’s resources to learn about the risks of interest rate changes and considerations to discuss with their financial professional,” Kelly said. The MSRB also makes available an online course aimed at financial professionals called [*Rules and Risks: Applying MSRB Rules in Relation to Municipal Market Risks*](#).

Earlier this month, the MSRB identified changes in the ownership profile of municipal bonds in recent years as having increased the risk that a rise in interest rates could lead to market dislocation and reduced liquidity in the municipal market. In a [*letter to the Securities and Exchange Commission Investor Advocate*](#), the MSRB cited greater mutual fund ownership and reduced dealer inventories as factors in the risk for investors.

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Contact: Jennifer A. Galloway, Chief Communications Officer
(202) 838-1500
jgalloway@msrb.org