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## **The Trumpian Trio of Concern of Muni Bonds.**

***Stimulus talk is driving a sell-off but there is a positive side***

The US president-elect poses a triple threat to the country's municipal bond market. This has been the conclusion of investors in the wake of Donald Trump's election — and why the \$3.8tn market for state and local government debt has suffered some of the sharpest selling seen in fixed income markets. A recovery over the past few days was then cut short by a warning from Janet Yellen, the Federal Reserve chair, that monetary tightening may be more aggressive than expected next year.

Here is the trio of concerns.

First (and not unique to municipal bonds), a Trumpian stimulus from tax cuts and infrastructure spending would raise interest rates and hit the bond market generally.

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