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Muni Market Recap: Continued Trade Tension Keeping Things Interesting.

The bond markets rallied this week, 4 to 7 basis points with the yield curve continuing to flatten. Still, trade tensions, Yuan volatility, and focus on central bank future actions kept everyone on their toes.

I woke up in the middle of the night to find out the President Trump had declared beef with Harley Davidson and the World Trade Organization. It made me think of The Notorious B.I.G. song, "What's Beef", Beef is when you can't sleep.

Stocks were volatile but ended higher on the week. U.S. Government Bond Yields rallied and the curve continued to flatten: 2yr 30yr yield difference declined from 50 basis points to 44 basis points differential, 2.97% vs 2.53%. Muni yields underperformed in the rally, with 30yr yields lower by 2 basis points and 2yr yields unchanged. 2yr 30yr yield difference on the Municipal curve declined by 2 basis points, from 32 basis points to 30 basis points. Muni yields are approximately 2yr 1.64% and 30yr 2.94% to end the week. In the Bay Area, the market move that mattered most was the continued decline of cryptocurrencies.

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