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Muni-Bond Market Headed for Longest Rout Since Trump's Election.

- **The market is headed for its fourth straight weekly drop**
- **'The trading environment this year has been quite brutal'**

U.S. state and local government bonds are headed for the fourth straight weekly loss as investors anticipate that the Federal Reserve will continue to raise interest rates, the market's longest losing streak since President Donald Trump's surprise victory in 2016.

The Bloomberg Barclay's municipal index has lost 0.82 percent since the start of the month, with 10-year bond yields hitting a four-year high. The rout tracks a selloff in the Treasury market, which has lost 1.12 percent this month as traders bet that the Fed will raise interest rates four more times by the end of 2019.

"Not just the past several weeks, but in general, the trading environment this year has been quite brutal," Barclays Plc analysts led by Mikhail Foux said in a note sent to clients Friday. "Munis have started the year rich outright and versus Treasuries, and most of the year has been a constant struggle for investors."

Municipals tend to be more volatile during the final months of the year, when debt sales typically pick up and investors no longer have as much money from bond payments to reinvest.

Barclays said it sees "very few positive signs for munis on the horizon."

Bloomberg Markets

By Danielle Moran and Martin Z Braun

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— *With assistance by Liz McCormick*