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Muni-Bond Yields Slide to New Low as China Trade War Escalates.

- **30-year benchmark yields tumble by 6 basis points to 2.1%**
- **China's retaliation drives investors into the safest assets**

U.S. state and local government bonds rallied along with Treasuries as the escalating trade war with China drove investors toward the safest assets, sending yields on 30-year municipal debt to the lowest since at least 2011.

The rally pushed the yields on the longest-dated securities down by 6 basis points early Monday, the biggest one-day move since April, to 2.1%, according to Bloomberg's benchmarks. Ten-year yields dropped 4 basis points to 1.39%, just above the previous low of 1.36% reached three years ago.

The state and local government debt is tracking a broader fixed-income rally as investors dash to haven assets after a sell-off across Asia that erupted after China let its currency weaken and cutting off purchases of American soybeans to strike back at President Donald Trump for threatening to impose more tariffs on Chinese imports.

The gains promise to benefit states and cities who are poised to sell about $17 billion over the next month, the busiest slate of new offerings since December 2017, according to data compiled by Bloomberg.

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