

# **Bond Case Briefs**

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## **BDA: Fed Economists Cite Municipal Market's Recovery.**

Economists at the Federal Reserve Bank of New York released a report yesterday on the performance of the municipal market during the pandemic. The report highlights the extraordinary volatility and yield spikes in the municipal market in March and the stabilization that has occurred since. The report examines trends such as the movement of the yield curve, municipal bond mutual fund outflows, and issuance patterns to track the market's response to the virus.

The report concludes by saying "both the primary and secondary markets for municipal securities underwent considerable stress during the early stages of the COVID-19 pandemic in the United States. Market conditions for municipal securities have improved significantly since then: yields for most issuers have receded to below pre-pandemic levels, outflows from municipal bond mutual funds have turned into inflows, and issuance has picked up." The report also notes continued market stress for lower rated issuers.

The New York Fed's report is available [here](#). Please call or write with any questions.

**Bond Dealers of America**

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