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Unexpected Impact Of The Biden Administration? A Muni Bond Boom.

All things considered, the municipal bond market had an exceptional 2020.

In a year in which municipalities were faced with an economic crisis that had some investors concerned about defaults, the VanEck Vectors CEF Municipal Income ETF rose 3.44% in 2020, a stunning turnaround given its sharp decline during March.

Muni bond investors have several tailwinds to thank for that rebound, according to VanEck Senior ETF Product Manager Michael Cohick: a supply-demand imbalance driven by fewer bond issuances, the realization that municipalities are in a better position than the financial crisis of 2008, and the Federal Reserve, whose municipal liquidity facility acted as a lender of last resort.

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Benzinga

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