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[Should You Rethink Your Muni Ladders?](#)

Municipal bond ladders are a common strategy to mitigate interest rate risk. If interest rates rise, you can reinvest bonds coming due in higher-yielding bonds. If interest rates fall, you always have a good number of bonds locked in at higher rates. The problem is that the current environment introduces a lot of uncertainties.

Let's look at why muni bond investors face a challenging reinvestment environment and alternative strategies to consider.

Demand Outstrips Supply

The municipal bond market has become a fixed-income safe-haven. After a tumultuous winter, the federal government's stimulus spending has padded state and local budgets. Meanwhile, the swift economic recovery alleviated many concerns of future budget shortfalls. These trends have eliminated the need for new muni bond issues to raise capital.

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