

# **Bond Case Briefs**

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## **Muni Housing Bonds Set to Outperform in 2022 Amid Rising Rates, Analyst Says.**

- Municipal housing bonds will perform better than other muni sectors next year as interest rates are set to rise amid the Federal Reserve's tapering of its asset purchases, JPMorgan Head of Municipal Research and Strategy Peter DeGroot told Bloomberg.
- Keep in mind the 10-year U.S. Treasury yield is up more than 50% on a Y/Y basis, now changing hands at sub 1.48%.
- Meanwhile, the iShares Trust National Muni exchange-traded fund (NYSEARCA:MUB) is off nearly 1% in the past year.
- DeGroot highlights that debt issued by states to finance low-interest loans for first-time homebuyers or develop affordable housing carry higher yields and are less volatile.
- "Housing bonds have performed extraordinarily well in rising rate environments," DeGroot told Bloomberg.
- Specifically, planned amortization class bonds, which is a way to protect investors from prepayment risk, are the best candidates to outperform, DeGroot added.
- Towards the end of November, muni bonds were about to snap a three-month losing streak.

### **Seeking Alpha**

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