

# **Bond Case Briefs**

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## **Muni Market Outlook - Don't Panic, Value Starting To Emerge**

### **Summary**

- Munis have been selling off lately, driven by above-average valuations going in to 2022, high duration risk, and a stalled federal spending plan.
- Over time, this has proven to be a reasonable way to earn income, especially given the tax advantages. I continue to view sell-offs as a buying opportunity.
- Despite this, I caution readers from getting too exposed to long duration funds. Interest rates will rise this year, most likely, and they don't want to be caught with too much duration risk.
- Munis continue to have a low correlation to other assets, and provide a reasonable way to manage volatility. While the short term has been painful, longer-term investors in this space should not panic.

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