

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **Municipal CEF Market Update: A Much-Improved Valuation Profile**

### **Summary**

- 2022 has not been kind to municipal bonds so far with an unusually sharp drawdown to kick off the year, driven by persistent inflation and a hawkish Fed.
- Sector valuations in absolute yield terms, relative to Treasuries and in CEF discount terms, are all now much more attractive than they were in 2021.
- Fundamentals remain robust with a supportive supply picture and an improving fiscal stance.
- Rising leverage costs will be a key headwind for the CEF sector this year and higher Treasury yields remain an ever-present risk, though much is priced in already.
- We have made a number of rotations in our Muni Income Portfolio by shifting from “dryer-powder” holdings to take advantage of this dislocation.

[Continue reading.](#)

### **Seeking Alpha**

Feb. 27, 2022