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Munis Offer ‘Oasis’ as Debt Beats Bond Peers in Volatile Stretch.

- **BofA attributes outperformance in part to light muni issuance**
- **October muni gain of 0.9% comes as Treasuries post decline**

The debt of US states and cities is proving to be a haven from the turbulence roiling fixed income lately, say analysts at the municipal-bond market’s largest underwriter.

“While macro market liquidity is growing more acute, it doesn’t appear to be for munis,” Bank of America Corp. strategists led by Yingchen Li and Ian Rogow wrote in a research note published Friday. “Light issuance and growing retail interest make munis an oasis.”

Munis have gained about 0.9% this month, while US Treasuries have lost 1.2% and investment-grade corporate bonds are down 1.5%, according to Bloomberg Index data through Friday. That outperformance holds for all of 2022, amid a brutal year for the bond market as the Federal Reserve hikes interest rates to tame inflation.

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Bloomberg

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