

Bond Case Briefs

Municipal Finance Law Since 1971

Diversification and Quality Dominate: An Analysis of Top Performing Muni Strategies

According to investment manager Lord Abbett, the municipal bond market outlook appears positive midway through 2023, driven by factors such as the anticipated cessation of interest rate hikes by the U.S. Federal Reserve, moderating inflation, and an improving supply-demand dynamic. These developments are expected to make municipal bonds more attractive to investors seeking tax-free income, notwithstanding persistent uncertainties related to inflation and potential market crises.

The Federal Reserve's projected pause in rate hikes, coupled with signals of decelerating economic growth and easing inflation, may bode well for municipal bond market performance and fund flows. Higher yields on municipal issues offer investors a chance to secure appealing return prospects, providing a buffer for total returns that could be beneficial in the face of potential economic downturns.

Recovery in demand and an uptick in mutual fund inflows are predicted as rate volatility diminishes. Despite recent trends of negative mutual fund flows, the decrease rate is slower than the previous year. Supply has been somewhat limited to date this year, attributed to issuers postponing market entry due to elevated interest rates and substantial reserves. However, a catch-up in supply is anticipated in the second half of the year.

[Continue reading.](#)

dividend.com

by Shauvik Haldar

Jul 05, 2023

Copyright © 2024 Bond Case Briefs | bondcasebriefs.com