

# Bond Case Briefs

*Municipal Finance Law Since 1971*

---

## Municipal Bonds Outperform as Investors Rush to Buy Dwindling Supply.

- **July deals oversubscribed by 5.2 times on average: BlackRock**
- **New muni debt sales year-to-date are slowest since 2019**

A reluctance by states and cities to borrow is making municipal debt a star performer among credit assets and driving investors to scour the market for bonds.

Municipalities issued \$218 billion of long-term debt year to date, 9% less than at the same point last year and the slowest pace of sales since 2019, according to data compiled by Bloomberg. The Federal Reserve's interest-rate increase regime since March 2022 to fight inflation at least partly explains the dropoff.

The scarcity is fueling outperformance in the asset class. Municipal bonds returned 0.4% in July, better than a 0.35% decline in US Treasuries, according to data compiled by Bloomberg. Month to date, munis lost 0.8%, less than Treasuries and corporates, which lost 1.2% and 1.8% respectively.

[Continue reading.](#)

### **Bloomberg Markets**

By Nic Querolo and Amanda Albright

August 15, 2023