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Municipal-Bond Sales Surge in January as Issuers Take Advantage of Rate Stability.

- **Boom in new issuance dulled usual 'January Effect' performance**
- **More than $30 billion in cash looks for a new home in February**

This was the busiest January for municipal bond sales in almost a decade, and analysts predict that states and localities will keep up the pace, taking advantage of lower borrowing costs and strong investor demand.

Issuers sold $31.8 billion in municipal bonds, the largest amount since January of 2017, when they sold $34.4 billion, according to data compiled by Bloomberg. January is usually one of the slowest months for municipal bond sales: Over the past decade, the average for the month has been $25 billion.

The surge in sales followed a tepid December, when state and local governments sold $22.5 billion in debt, well below $29 billion, the average for the month over the past decade. This, along with a powerful rally in November when municipals gained 6.35% — their best single month since August 1982, according to the Bloomberg Municipal Bond Index — reversed the usual "January Effect." This is when scarce supply and demand, fueled by cash being returned to investors in the form of maturing and called bonds, typically boosts performance. Municipals posted a loss in January of 0.51%.

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