Bond Case Briefs

Municipal Finance Law Since 1971

BlackRock: Muni Investors Rewarded by Patience To Start 2024

January update

- Municipal bonds posted negative total returns as the market reassessed macro expectations.
- Seasonal supply-and-demand dynamics were supportive, albeit less so than in prior years.
- We maintain some caution until absolute and relative valuations are more attractive.

Market overview

After posting the strongest performance since the mid1980s during the fourth quarter of 2023, municipal bonds took a breather in January. The asset class produced modestly negative total returns amid a macro-backdrop that generally unfolded as anticipated (see our 2024 Municipal Market Outlook). Economic growth remained firm and continued to eclipse projections, causing the market to reduce forward expectations for monetary policy easing, both in timing and in magnitude. As a result, the Treasury curve steepened with front-end rates falling and back-end rates rising. Given rich valuations, municipals modestly underperformed comparable Treasuries, and the S&P Municipal Bond Index returned -0.15%. Shorter-duration (i.e., less sensitive to interest rate changes) and single-A rated bonds performed best.

Continue reading.

by Team of BlackRock, 2/13/24

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com