

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

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## **Look For Munis To Behave Like Bonds Again In 2024.**

Now that the Fed is signaling an end to rate hikes and the possibility of rate cuts, investors can focus on municipal bonds behaving like bonds: offering tax-exempt income and providing portfolio diversification. Indeed, reasons abound for considering a meaningful allocation to municipals.

Across the muni marketplace, credit fundamentals are in great shape, in the wake of Covid-19 related stimulus and three consecutive years of extremely strong revenues. We believe the market overall is well positioned to handle any economic downturn, should there be one. And the rating agencies agree, with upgrades outpacing downgrades by a roughly four-to-one ratio for three straight years.

Muni bond gross supply is expected to total \$400 billion in 2024, up from \$330 billion in 2023. However, with approximately \$400 billion of bonds maturing or being called in 2024, supply will likely be net negative, with the expectation of demand exceeding supply. This supply/demand disparity should keep yields and spreads contained.

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