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Munis Defy Bond Selloff, Pushing Valuations to Three-Year High.

- **Ratios on 10-year muni debt sank to lowest level in years**
- **Deals oversubscribed by more than five times in February**

By one measure, state and local government bond yields have slid to the lowest levels against Treasuries in nearly three years, with a steady push into the securities largely sheltering them from the selloff seen in other corners of fixed-income markets.

Yields on 10-year municipal debt have hit the lowest relative to Treasuries since June 2021 after strong demand for the tax-exempt securities propped up prices during a Thursday bond-market rout.

Treasuries slid after a report on wholesale prices eroded confidence in the outlook for Federal Reserve interest-rate cuts this year. While municipals dropped slightly, their outperformance drove the muni-Treasury ratio to just 57%, according to data compiled by Bloomberg.

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Bloomberg Markets

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