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Hefty Demand for \$269 Billion of Muni Sales Has Buyers on Hunt.

- **Investors are searching for overlooked muni securities**
- **Others are scouring the secondary market or sitting in cash**

The \$9 billion-a-week market for new sales of state and local government debt is now so crowded that investors are being forced to get creative in their hunt for value.

There's been a record onslaught of issuance from municipal borrowers this year, with sales totaling \$269 billion marking an increase of 38% from 2023's volume. That supply — bolstered by a rush to issue before the November US presidential election — has been met with a surprising amount of enthusiasm in the \$4 trillion muni market, frustrating long-time investors because it's harder to get allocations of securities they want.

That tension is mirrored across fixed-income markets as global investors clamor for bonds. Credit spreads on both investment grade and junk-rated corporate bonds have tightened, with high-yield taxable debt trading at a spread roughly 100 basis points below the five-year average.

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By Erin Hudson and Amanda Albright

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