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Muni Bonds Set for Best Third Quarter Since 2011 on Surprise Rally.

- **Record new issue supply continues as investor demand keeps up**
- **Muni market is set for a gain of 0.9% during September**

The municipal market is set for its best third quarter since 2011, with a return of about 2.6% during the three-month period.

As the Federal Reserve begins cutting interest rates, investors are snapping up the bonds to lock in the higher yields offered by the securities while they still last.

The rally comes despite a surge in new bond sales, an instance that would typically pressure prices. Issuance in September totaled nearly \$46 billion, the second-highest total for the month since at least 2013, according to data compiled by Bloomberg. Despite that, the muni market is poised to see a gain of 0.9% during the month, marking the best performance for a September since 2013.

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