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Muni Rally Accelerates Prompting Calls for Year-End Return Surge.

- **After election selloff, munis are rallying for a second day**
- **Strategists advise investors to buy-the-dip for long positions**

Municipal bonds rallied the most in three months on Friday, continuing a recovery that began Thursday after a sharp selloff following the US presidential election.

Benchmark state and local government yields fell by as much as 13 basis points as of 2:00 p.m. New York time. Those on 10-year, top-rated securities fell 10 basis points to 2.98% — the biggest daily decline since August, according to data compiled by Bloomberg. When muni rates climbed after the election —- trading in tandem with a rout in US Treasury securities — investors saw it as an opportunity to put cash to work, strategists said.

“A bullish reversal is underway for the muni market,” wrote municipal strategists at Bank of America Corp. in a research note published Friday. “Current levels for all investment-grade munis are good entries for new long positions,” according to the group led by Yingchen Li.

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