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Munis Tumble After Trump Victory Ignites Deficit Concerns.

• Yields on muni bonds jumped as much as 16 basis points
• Investors of muni debt tend to take cues from Treasury market

Municipal bonds plummeted on Wednesday after voters elected Donald Trump as US president. The move followed a rout in US Treasuries, which sold off over concerns that Trump’s policies will widen an already bloated budget deficit and cause inflation to surge.

Benchmark municipal-bond yields jumped as much as 16 basis points as of 4 p.m. New York time.

“A Trump win signals to the market that some proposed policies have a chance at sunlight, many of which could re-ignite inflation,” said Eric Kazatsky, senior US municipals strategist for Bloomberg Intelligence. “US Treasuries are speaking that fact to the market and dragging munis along for the ride.”

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