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Munis Join Treasury Rally After Bessent Chosen for Trump Cabinet.

Municipal bonds jumped on Monday, following gains in the US Treasury market after Scott Bessent was named as President-elect Donald Trump's nominee for Treasury secretary, with traders betting the hedge fund manager will bring a Wall Street mindset to the role.

Benchmark state and local government yields fell by as much as 7 basis points as of 4:00 p.m. New York time. Tax-exempt yields on 10-year, top-rated benchmark bonds fell 5 basis points to 2.89%, according to data compiled by Bloomberg. That gauge is hovering near the lowest since late October, the data shows.

Bessent — who runs macro hedge fund Key Square Group — has called for a gradual approach to implementing trade restrictions, and has appeared open to negotiating the exact size of tariffs proposed by Trump. Treasuries traded up on the news with yields falling more than 10 basis points across five- to 30-year maturities.

“He’ll be a little bit more mindful of both sides of the respective balance sheets of the government,” said Chris Brigati, director of strategic planning at SWBC. “To me, that means lower deficits and a little bit of stability in the market.”

Municipals have gained 0.88% so far this month, headed for its seventh-straight November of gains, according to data compiled by Bloomberg.

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