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Munis Plummet After Fed Dials Back Expectations for Rate Cuts.

- **Benchmark muni yields climb as much as 19 basis points**
- **Rout could ‘make or break’ investors total returns for 2024**

Municipal bonds are plunging the most in weeks after Federal Reserve Chair Jerome Powell took a more cautious view on interest-rate cuts in 2025, stunning investors and leading to a global bond-market rout.

Benchmark, top-rated state and local government bond yields rose as much as 19 basis points on Thursday, in a rout that threatens to pare back the 1.56% gain for municipal debt so far this year.

“This could make or break a lot of people’s years as far as total returns,” said Eric Kazatsky, senior US municipals strategist for Bloomberg Intelligence. “If rates meaningfully spike higher, sure you could actually end up in the red when it comes to returns for the year,”

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Bloomberg Markets

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