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## Muni Monthly: December 2024

*This month's Muni Monthly covers performance, supply and demand technicals, fundamentals and valuations for December 2024.*

**Performance overview:** Muni yields moved higher as the Treasury curve steepened.

Fixed-income generally sold off in December as yields moved higher due to stronger-than-anticipated GDP data, which led market participants to question the path of inflation and interest rates in 2025. The Treasury yield curve steepened, with short maturities moving up to 17 basis points (bps) lower, while longer maturities moved up to 44 bps higher. Muni market yields moved higher across the curve, generally underperforming Treasuries amid the rate volatility and weakening supply and demand technicals.

The Bloomberg Municipal Bond Index returned -1.46% in December. Longer-duration municipals underperformed amid the rate volatility, as did lower investment-grade and high-yield municipals. All told, the Bloomberg Municipal Bond Index closed the year up 1.05%, outperforming Treasuries but underperforming investment-grade credit indices. High-yield municipals posted the strongest returns across the muni market, returning 6.32% during the year. The longer-duration Bloomberg Taxable Municipal Bond Index returned -2.46% in December, leading year-to-date returns to 1.57%, outperforming the Bloomberg US Treasury Index (0.58%) and the Global Aggregate (-1.69%).

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Jan 20, 2025

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