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Muni Bonds Trailing Treasuries Turn Cheapest Since November.

Long-maturity municipal bonds are the cheapest since November relative to Treasuries as investors in the market for US state and local debt confront questions around tax policy and absorb swelling issuance.

Yields on 30-year, top-rated munis were about 85% of the level of similar-maturity Treasury rates as of Thursday, the highest since right after President Donald Trump's election victory in November, data compiled by Bloomberg show. A climbing ratio shows munis are underperforming US government debt.

Long-term muni supply is up 27% in February from a year earlier, to about \$21 billion, data compiled by Bloomberg show. That's fed into the weakness, and some investors are starting to see value. State and local securities tend to offer lower yields than Treasuries because of the tax-free interest they pay.

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