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[Risk-Off Tone Helps Muni Market See Best February Since 2020.](#)

- **Returns in February were about 1% as issuance soared**
- **Investors are seeking less risky assets amid uncertainty**

The muni market notched an unusually strong month in February — but the asset class is facing headwinds as new bond sales build.

The state- and local-government debt market gained about 1% last month, marking the best February for performance since 2020 and the second-largest gain for the period in the past decade, according to data compiled by Bloomberg. On average, over the last 10 years, the muni market has posted a monthly drop of 0.27% during the second month of the year.

Jeffery Timlin, managing partner at Sage Advisory Services, said February's returns were driven by the gain in US Treasuries last month. Uncertainty over the impacts of rapid federal policy changes has led investors to buy higher-quality assets, he said.

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