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Long Munis Suffer on Tariff and Tax Fear as Short Bonds Gain.

(Bloomberg) — Muni investors seeking nearly instant gratification are being rewarded for their eagerness.

State and local debt is often seen as a buy-and-hold investment, but in 2025 bonds maturing in under a year are performing the best of all muni segments, according to data compiled by Bloomberg. The municipal short-term index has jumped 1.3% — the biggest year-to-date gain since at least 2012 — while most other Bloomberg municipal indexes have posted losses.

While yields for benchmark state and local debt maturing in 30 years have climbed almost 67 basis points this year, they've shrunk nearly 36 basis points for bonds due in three and six months.

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