

# **Bond Case Briefs**

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## **Munis Set for Comeback After Worst First Half in Five Years.**

### **Takeaways**

- Municipal bonds are poised to recover from their worst half relative to US Treasuries in five years as juicy yields and cheap valuations attract buyers.
- Investors in the top federal tax-bracket can secure a 4.5% yield on the longest-dated munis, 1.7 percentage points more in yield compared with Treasuries on an after tax-basis, according to AllianceBernstein Holding LP.
- Daryl Clements, a portfolio manager at AllianceBernstein, said that munis are “setting themselves up nicely at a time when demand is picking up” due to high yields, a steep curve, and cheap valuations relative to Treasuries.

Municipal bonds are poised to recover from their worst half relative to US Treasuries in five years as juicy yields and cheap valuations attract buyers.

A surge in municipal bond supply and weaker demand for longer maturities have pushed benchmark 30-year muni yields to levels not seen since 2013, excluding brief spikes in April and a bond selloff in October 2023.

Investors in the top federal tax-bracket at the beginning of the month were able to secure a 4.5% yield on the longest-dated munis, 1.7 percentage points more in yield compared with Treasuries on an after tax-basis, versus a 5-year average of 0.97 percentage points, according to AllianceBernstein Holding LP.

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### **Bloomberg Markets**

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