Bond Case Briefs

Municipal Finance Law Since 1971

Municipal Bonds: A Misunderstood Value Play Amid Supply Glut and Policy Uncertainty

Overview

– Municipal bond markets face 2025 turbulence from $281B issuance surge, policy risks, and a steepened yield curve (74bps in 8-13-year segment).

– Yield-to-worst at 3.96% (top 5% historically) and 30-year AAA municipals yielding 158% of Treasuries highlight sector undervaluation vs equities.

– Investors favor short-15 year duration and high-quality credits as ETF outflows (-$189M YTD) contrast with $17B fund inflows, signaling active management shift.

– Strategic entry points include 10-20 year duration extension (197bps yield pickup) and high-yield short-duration bonds (4.74% yield) amid expected Fed easing.

Continue reading.

aiinvest.com

by Cyrus Cole

Saturday, Jul 26, 2025 10:04 am ET

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com