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Munis Set to Reap Cash as Fed Cuts Rates, AllianceBernstein Says.

Takeaways by Bloomberg AI

- Municipal bonds are likely to lure money as Federal Reserve interest-rate cuts lead investors to look for new places to park their cash, says Matthew Norton at AllianceBernstein.
- The expectation that investors will move out of money funds as the Fed reduces borrowing costs is creating a bullish backdrop for bonds, with muni mutual funds seeing net inflows of $50 billion this year.
- Rate cuts could also support weaker credits offering higher yields, with Norton looking at longer-dated tax-free munis and munis for affordable housing as appealing sectors.

Continue reading.

Bloomberg Markets

By Erin Hudson

December 18, 2025

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