Bond Case Briefs

Municipal Finance Law Since 1971

Muni Monthly: February 2026

This month's Muni Monthly covers performance, supply and demand technicals, fundamentals and valuations for the month ending February 2026.

Performance Overview: Strong Municipal Performance in February Counters Recent Weakness

In February, market sentiment was shaped by escalating US-Iran geopolitical tensions and sector-specific selloffs driven by concerns about AI's potential disruption to existing business models. Economic data presented a mixed picture, with January nonfarm payrolls increasing by 130,000 jobs, rebounding from December's revised 48,000 gain, while the unemployment rate edged down to 4.3%. Inflation data for January eased from the prior month, with headline Consumer Price Index (CPI) falling to 2.4% year-over-year (YoY) from 2.7% and core CPI easing to 2.5% YoY from 2.6%. All told, Treasuries rallied across the curve, and the municipal yields followed suit but generally underperformed the risk-off sentiment. The Bloomberg Municipal Bond Index gained 1.25% leading year-to-date (YTD) returns higher to 2.20%. February's strong performance counters recent weakness, with the index averaging negative returns in February, largely driven by softening demand ahead of tax season and limited new issuance.

Continue reading.

advisorperspectives.com

by Western Asset Management, 3/23/26

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com