# Bond Case Briefs

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## Munis Just Had Their Best Day in a Year. Here's What It Actually Means.

On April 8, municipal bonds posted their biggest single-day rally in over a year. The trigger was the announcement of a two-week ceasefire in the U.S.-Iran conflict, which sent oil prices tumbling more than 16% and immediately repriced inflation expectations across fixed income markets. Benchmark AAA 10-year muni yields dropped 9 to 10 basis points in a single session. Traders reported a frenzy at the open — some early prints could have justified yield drops of 15 basis points — before markets settled as the day wore on and questions about the ceasefire's durability crept back in.

The move itself was striking, but the context behind it matters more than the headline number. Municipal bonds had been under sustained pressure for most of the first quarter. The U.S.-Iran conflict, which escalated sharply in late February, sent oil above $100 per barrel and reignited inflation fears that the market had spent much of 2025 trying to put behind it. Treasury yields climbed in response — the 10-year benchmark rose from 4.19% at the start of the year to a Q1 high of 4.4% in late March, with the 30-year approaching 5%. Muni yields tracked higher with more volatility, with AAA 10 and 30-year yields rising 60 and 35 basis points respectively from their Q1 lows to their highs. March, as a result, posted the worst monthly muni returns in over two years.

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