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## [Why the Muni Yield Curve Is the Most Interesting Chart in Fixed Income Right Now.](#)

Most fixed income conversations in 2026 have been dominated by one question: when does the Fed cut again? It's a reasonable preoccupation, but for muni investors specifically, it may be the wrong question. The more actionable story right now is in the shape of the municipal yield curve itself — and what an unusually steep long end is telling investors who are willing to look past the next FOMC meeting.

The 20-year AAA municipal bond yield has crossed above 4.00%, and the spread between 5-year and 20-year AAA munis has widened to more than 145 basis points — a combination that, according to Nuveen's Q2 2026 municipal market update, has occurred less than 5% of the time over the past 15 years. That's not a trivial data point. It means that the long end of the muni curve is offering a historically unusual pickup relative to the intermediate range, at the same time that after-tax yields at those maturities are substantially more attractive than comparable Treasuries for any investor paying federal tax at rates above 32%.

Put the numbers to it. A 20-to-30-year portfolio rated A or better is currently producing federal tax-free yields to worst of roughly 4.37%, according to Raymond James's June 2026 Municipal Bond Investor Weekly. For an investor in the 37% federal bracket who also pays the 3.8% Net Investment Income Tax — a combined rate of 40.8% — that 4.37% tax-free yield works out to a taxable equivalent of approximately 7.39%. The 10-year Treasury is nowhere near that number. Neither is the Bloomberg US Aggregate. This is the arithmetic that drives institutional and high-net-worth muni demand, and right now it is compelling in a way it wasn't when short-end yields were high and the curve was flat.

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