



Tax-Exempt Municipal Yields Near Record Lows

- Tax-exempt bond yields edged lower as 55 consecutive weeks of municipal fund inflows (\$2 billion) coupled with below-average new issue supply provided a supportive backdrop.
- The gap between the amount of cash looking to be reinvested and the amount of new securities being issued is driving the municipal market to new heights. Yields are at the lowest levels since the 1950s and 30-year municipals are hovering around their highest values relative to Treasuries since at least 2001.
- This month's 1.2% return marks the strongest start to a year since 2016. In fact, 10-year ratios (currently 73%) have only been lower 3% of the time since 1990 and 12% of time since 1980.

10-Year AAA Municipal Yields



Source: Bloomberg

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