



## Municipal Bond Rally Continues

- The rally in municipal bonds continued on Friday as seven consecutive weeks of muni fund inflows, modest new issue supply, and a stronger Treasury market all contributed to the positive performance. Mutual fund inflows were \$1.5 billion with long-term funds capturing the majority of the flows.
- The 10-year Municipal/Treasury relative value ratio touched 78%, which is its richest level since April of 2010. The average ratio over this same period is approximately 97%.
- Another interesting point is the weekly SIFMA floating rate yield reached 1.75% last week, which is the same yield as the 7-year AAA scale. The yield curve is extremely flat; however, tax-related selling is likely contributing to the spike in the SIFMA yield.

### 10-Year AAA Municipal Yield



Source: Bloomberg

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