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## Latest Insights | Municipal bonds

### ▶ Longer muni bonds represent attractive opportunity



Source: Bloomberg. Data as of 01/31/19. Past performance does not guarantee future results.

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**The Treasury spread narrowed, while the muni spread widened.** The difference between 30-year maturity and 2-year maturity U.S. Treasury bond yields narrowed from 86 basis points at the end of 2017 to 54 basis points at the end of January 2019. The muni curve actually steepened. The muni AAA spread widened from 106 basis points at the end of 2017 to 141 basis points at the end of January 2019. We believe that long-maturity municipal bonds offer opportunities today.

**We're expecting a better year for munis in 2019.**

More bonds are maturing in 2019 than we've seen in the last decade, and without a catalyst to boost new issuance, we expect technical factors to be supportive in 2019. Higher long-end yields coupled with low historical correlations to equities may represent an attractive opportunity.

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