



# The Week in Muniland

April 13, 2026

Back on Track

## Key Takeaways

1. It was a strong week from both an absolute and relative performance perspective.
2. The market has bounced back from a challenging March.
3. US inflation rose in March, increasing 0.9% month over month.

The muni market rebounded strongly last week, as the broader markets became more encouraged about a resolution for the US-Iran conflict, which drove yields lower across fixed-income markets. Two-, 10- and 30-year AAA yields fell 10, 13 and 13 basis points (bps), respectively. The Bloomberg Municipal Bond Index (the Index) returned 0.82% last week, bringing year-to-date returns to 0.97%.

- **Why it matters:** Not only did yields fall, but the muni market also outperformed US Treasuries last week. After-tax spreads tightened from 10 to 17 bps across the curve, with intermediate and longer maturities seeing the largest outperformance. There was a strong bid for tax-exempts, as the market was focused on putting to work April reinvestment cash and the \$866 million of inflows into the market, according to Lipper. Following a lone week of outflows that broke a 17-week consecutive streak of inflows, the market is back to its regularly scheduled programming with back-to-back weeks of inflows and has seemingly made it through the bulk of tax season without material outflow pressure. Year-to-date flows into mutual funds and ETFs now sit at roughly \$28.3 billion, which is the second-highest year-to-date total since Lipper began reporting flows. While this week's headline issuance number of ~\$14 billion sounds large, it is headlined by two large taxable deals. Tax-exempt issuance should be far more manageable, with roughly \$10 billion expected to price.

The muni market has rebounded this month after posting a difficult -2.32% return in March.

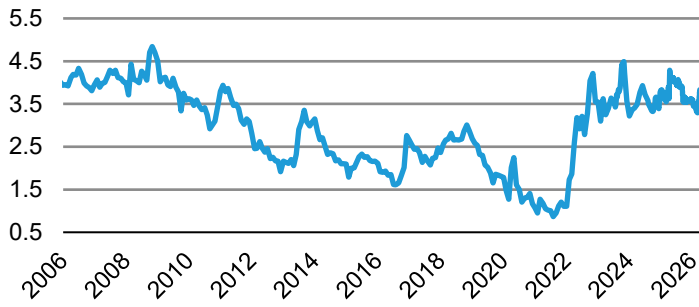
- **Why it matters:** March was certainly challenging for muni investors, with the Index return in March ranking as the 11th worst month of performance in the last 20 years, and the third worst March return over the same period. As we have mentioned, March's volatility was driven by a combination of increased macroeconomic uncertainty that coincided with expensive valuations and an increase in tax-exempt supply. This caused after-tax spreads to widen across the curve. Not only that, but the belly of the curve has underperformed this year, with the Bloomberg 3-Year and 20-Year Municipal Bond Indices returning 0.83% and 1.99% respectively, compared to the 0.29% return of the 10-Year Index. As we look forward, while relative valuations are not quite as attractive as they were a week ago, intermediate and longer maturities continue to offer value from both an absolute income and total return perspective—particularly in the 15-to-20 year part of the curve.

US inflation increased in March, rising 0.9% month over month and 3.3% year over year, driven by a 10.9% increase in energy prices. Core inflation was better behaved, up 0.2% month over month and 2.6% year over year.

- **Why it matters:** We view the sharp rise in headline inflation as a function of energy price volatility rather than a deterioration in underlying inflation dynamics, with core inflation continuing to move sideways near a 2.5% run rate. The key uncertainty is the extent to which higher energy costs ultimately pass through to core categories—such as transportation services. At the same time, tariff-related goods inflation appears to have largely worked its way through the system, leaving essential household categories, such as food, rent, education and medical care, as the primary sources of ongoing pressure. Even though there will be an impact to inflation, the potential impact on growth may turn out to be more significant, which is one of the reasons we continue to believe the Fed is more likely to cut rates—rather than raise them—later this year. On the whole, however, the important question is whether the surge in energy prices ends up passing through to core inflation—and it is too early to answer that question. Thus, there are minimal policy implications from this data. The Fed is on hold until there is a clearer picture of how the war affects the economy, from both an inflation and growth perspective.

**Displays of the Week: April 13, 2026**

**Display 1: Bloomberg Municipal Bond Index Yield to Worst Percent**



As of April 10, 2026. Source: Bloomberg and AllianceBernstein (AB)

The municipal market continues to offer significant income.

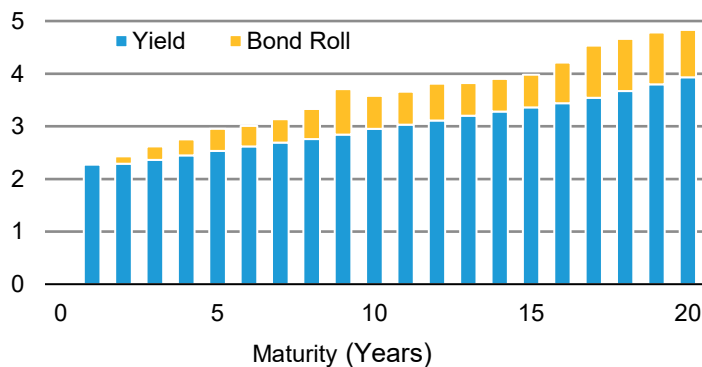
**Display 2: Municipal/Treasury After-Tax Spreads Basis points**

	Apr 10, 2026	Feb 27, 2026	Five-Year Average
Two-Year	4	3	16
Five-Year	19	2	20
10-Year	39	17	41
15-Year	63	57	65
20-Year	103	113	77
30-Year	140	143	99

As of April 10, 2026. Source: Municipal Market Data and AB

Intermediate maturities are closer to fair value. The long end remains cheap.

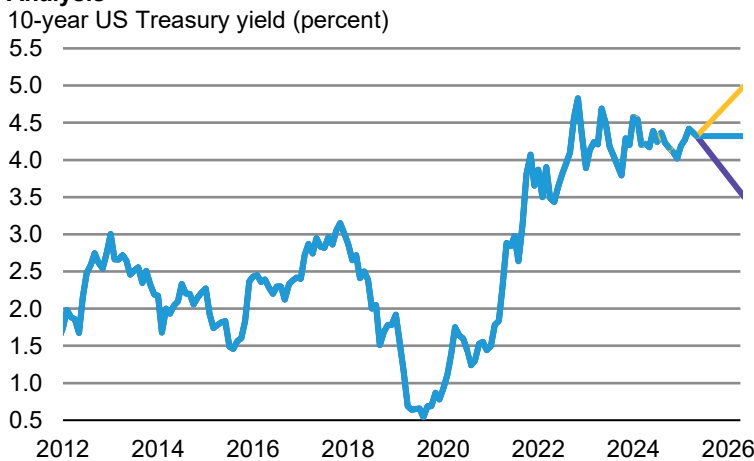
**Display 3: Yield Plus Roll Percent**



As of April 10, 2026. Source: Bloomberg and AB

Yield plus roll is maximized in the 15- to 20-year part of the curve.

**Display 4: Expected 12-Month Municipal Returns Scenario Analysis**



10-Year Treasury, 5.00%	→	1.38%
10-Year Treasury, 4.32%	→	4.12%
10-Year Treasury, 3.50%	→	7.41%

**Past performance and historical analysis do not guarantee future results.**

Display reflects expected returns of the Index under three scenarios: 10-year US Treasury yields rise to 5.00%, remain the same or decline to 3.50% over the next 12 months.

As of April 10, 2026. Source: Bloomberg and AB

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#### A Word About Risk

**Market Risk:** The market values of the Portfolio's holdings rise and fall from day to day, so investments may lose value. **Interest-Rate Risk:** Fixed-income securities may lose value if interest rates rise or fall—long-term securities tend to rise and fall more than short-term securities. The values of mortgage-related and asset-backed securities are particularly sensitive to changes in interest rates due to prepayment risk. **Credit Risk:** A bond's credit rating reflects the issuer's ability to make timely payments of interest or principal—the lower the rating, the higher the risk of default. If the issuer's financial strength deteriorates, the issuer's rating may be lowered, and the bond's value may decline. **Inflation Risk:** Prices for goods and services tend to rise over time, which may erode the purchasing power of investments. **Foreign (Non-US) Risk:** Investing in non-US securities may be more volatile because of the political, regulatory, market and economic uncertainties associated with such securities. These risks are magnified in securities of emerging or developing markets. **Currency Risk:** If a non-US security's trading currency weakens versus the US dollar, its value may be negatively affected when translated back into US-dollar terms. **Diversification Risk:** Portfolios that hold a smaller number of securities may be more volatile than more diversified portfolios, since the gains or losses from each security will have a greater impact on the Portfolio's overall value. **Derivatives Risk:** Investments in derivative instruments such as options, futures, forwards or swaps can be riskier than traditional investments and may be more volatile, especially in a down market. **Leverage Risk:** Trying to enhance investment returns by borrowing money or using other leverage tools magnifies both gains and losses, resulting in greater volatility. **Municipal Market Risk:** Debt securities issued by state or local governments may be subject to special political, legal, economic and market factors that can have a significant effect on the Portfolio's yield or value. An investor cannot invest directly in an index. **Investment and Insurance Products:** Not FDIC insured | Not a bank deposit | Not insured by any federal government agency | No bank guarantee | May lose value

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