Investortools

Municipal Bond Market Performance

November 2025

Joel A. Buursma, CIPM
Vice President, Senior Software Architect

Mark Pinson
Index Production and Analysis

Overview

In November 2025, the municipal bond market, as measured by the Standard & Poor's Municipal Bond Investment Grade Index, had a Total Return of 0.279%. This total return consists of the components displayed in Table 1.

November was a very tame month for the municipal yield curve, which saw almost no change throughout the entire month. The index's overall return was likewise tame and mostly explained by yield (reflected in the sum of Coupon Return and Market Amortization Return). Some subsets of the index were more volatile, however, such as New York City GO bonds which saw a substantial widening of spreads in the weeks following the recent election.

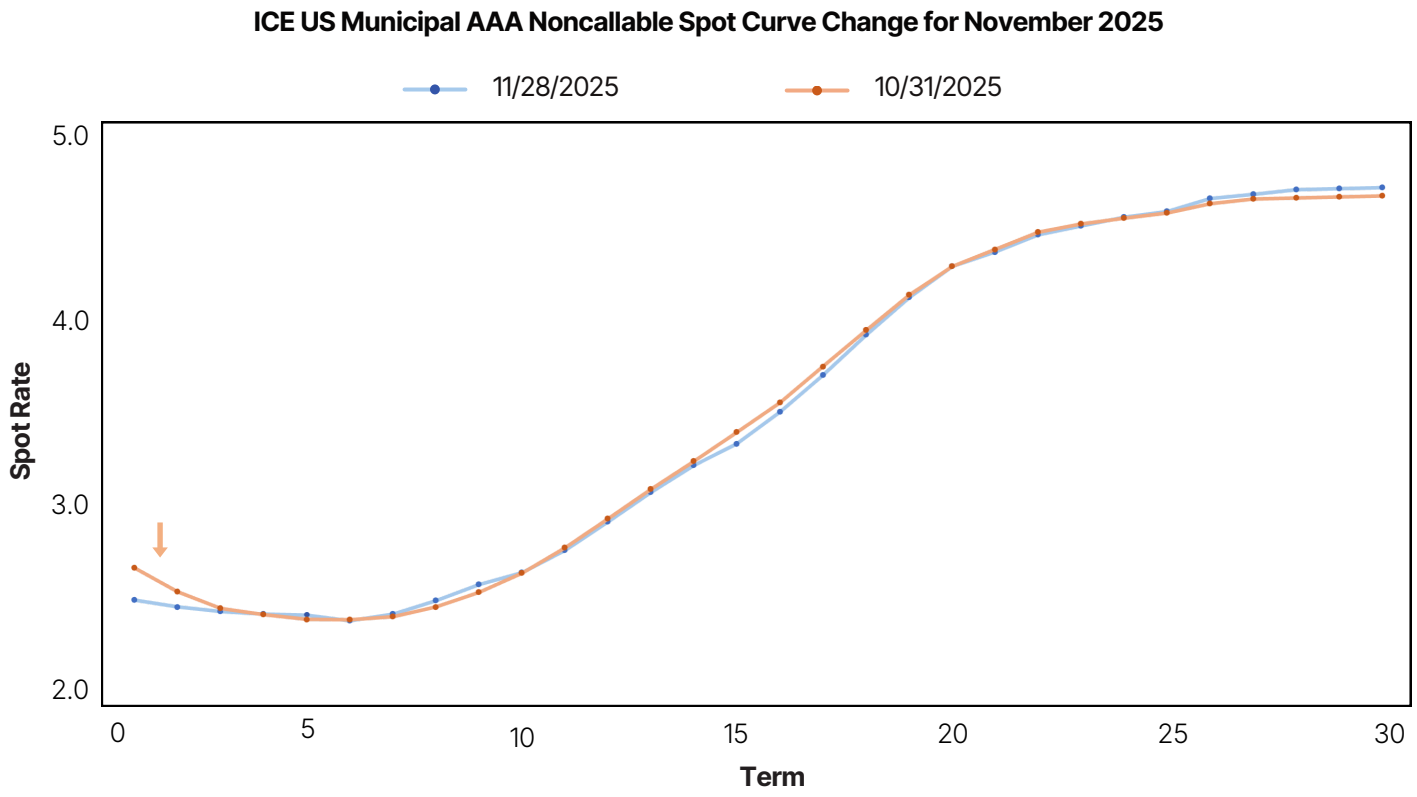
Table 1

	November	YTD
Total Return	**0.279%**	**4.136%**
Coupon Return	0.349%	4.026%
Market Amortization Return	-0.082%	-0.624%
Parallel Shift Return	0.091%	2.074%
Non-Parallel Shift Return	-0.071%	-0.981%
Sector/Quality Return	-0.056%	-0.513%
Residual Price Return	0.048%	0.155%

Parallel and Non-Parallel Shift Return

Figure 1 shows the overall change in the ICE US Municipal AAA Noncallable spot curve for November. This curve demonstrated a 1.45 bp decrease in its overall level as measured at the ten-year point.

Figure 1



The Parallel Shift Return of 0.091% is calculated from this curve decrease, as shown in Table 2.

Table 2

Change for 10-Year Spot Rate[a]	-1.45
Total Key Rate Duration[b]	6.2461
Parallel Shift Return[-b*a]	**0.091%**

The Non-Parallel Shift Return was -0.071%. The most notable non-parallel movement was the lessening inversion in the shortest points on the curve. Despite that localized curve decrease, the overall Non-Parallel Shift Return was somewhat negative due to increases around the 7-year and 30-year points. See Table 3 for the full calculations for this term.

Table 3

	6 Mos	1 Yr	2 Yrs	3 Yrs	5 Yrs	7 Yrs	10 Yrs	20 Yrs	30 Yrs
Non-Parallel Change	-13.13	-6.91	-0.17	1.65	0.94	5.00	0.00	0.06	6.02
Key Rate Duration	0.039	0.112	0.212	0.409	0.659	1.012	1.803	1.669	0.331
Non-Parallel Shift Return	**0.005**	**0.008**	**0.000**	**-0.007**	**-0.006**	**-0.051**	**0.000**	**-0.001**	**-0.020**

Note: Each value in the Non-Parallel Shift Return row is calculated by multiplying the two cells above it, dividing by 100 and reversing the sign.

Sector/Quality Return

Sector/Quality Return captures return from changes in average option-adjusted spread (adjusted by duration) for sector/quality groupings. The index's overall Sector/Quality Return was -0.056%.

The sectors exhibiting the largest overall tightening in average option-adjusted spread (weighted by both market value and duration) were Resource Recovery and Tobacco Settlement. The sectors exhibiting the largest overall widening were IDR / PCR, Housing, Other Utility, and Tax-Supported (Excl. GOs).

The sector/quality categories with the biggest positive contributions to Sector/Quality Return, considering both weightings and the groupings' own sector/quality returns, are listed in Table 4. The biggest negative contributors are listed in Table 5.

Table 4

	AA-rated State GO	AA-rated Education	AAA-rated State GO	A-rated Water/Sewer
Change in Dur-Adj Average OA Spread [(a)]	-1.041	-0.690	-0.604	-1.883
OA Spread Duration [(b)]	5.264	5.914	4.784	5.482
Sector/Quality Return [(-b*a)]	0.055	0.041	0.029	0.103
Market Value Weight% [(c)]	4.985	3.872	2.758	0.246
Contribution to Duration [(b*c)]	0.26243	0.22896	0.13197	0.01350
Contribution to Sector/Quality Return [(-b*c*a)]	**0.00273**	**0.00158**	**0.00080**	**0.00025**

Table 5

	A-rated IDR/PCR	AAA-rated Tax-Supported (Excl. GOs)	AAA-rated Local GO	AA-rated Tax-Supported (Excl. GOs)
Change in Dur-Adj Average OA Spread [a]	6.594	3.209	0.961	1.109
OA Spread Duration [b]	4.933	6.589	6.079	6.325
Sector/Quality Return [-b*a]	-0.325	-0.211	-0.058	-0.070
Market Value Weight% [c]	3.190	3.573	10.956	7.849
Contribution to Duration [b*c]	0.15734	0.23545	0.66601	0.49643
Contribution to Sector/Quality Return [-b*c*a]	**-0.01037**	**-0.00756**	**-0.00640**	**-0.00551**

Coupon Return and Other Effects

Coupon Return was 0.349%, based on the index's average coupon of 4.489%. The average beginning-of-month market yield was 3.483%, resulting in a Market Amortization Return of -0.082%. These two terms sum to a total income effect of 0.267%, which is close to the overall total return of 0.279% for this month.

Note: Coupon Return reflects both interest payments and changes in accrued interest throughout the month. Market Amortization Return is negative because of the large number of premium bonds in the index due to yields being lower than most coupon rates. Over time, premium bond prices, absent any change in yield, naturally decline to their redemption price. This decline is called market amortization.

Appendix: Highlighted States and Territories

Table 6 below shows the 20 states with the largest contributions to the index's total return sorted by their total return. Differences in performance between states were largely dictated by how spreads changed in each state. For example, spreads on Transportation bonds widened more in both Virginia and, especially, New Jersey compared to similar bonds in other states. New York lagged behind other states partially due to its substantial exposure to the generally underperforming Tax-Supported (Excl GOs) sector, and partially due to an underperforming Local GO sector (primarily New York City bonds).

On the other end of the spectrum, California outperformed national averages across almost all sectors, while North Carolina's outperformance was largely due to spreads tightening substantially in its State GO sector.

Table 6

State/Territory	Total Return Weight	Total Return	Total Return Contribution (bps)	Return from Yield	Return from Curve Change/ Convexity	Return from Sector/Quality Composition	State-Specific Spread Return
Oregon	1.21%	0.371%	0.45	0.265%	0.082%	-0.025%	0.050%
Michigan	1.76%	0.345%	0.61	0.274%	0.073%	-0.048%	0.046%
Ohio	2.33%	0.340%	0.79	0.270%	0.063%	-0.033%	0.041%
California	15.60%	0.339%	5.29	0.253%	0.065%	-0.051%	0.073%
Massachusetts	3.09%	0.339%	1.05	0.266%	0.060%	-0.018%	0.030%
North Carolina	1.53%	0.337%	0.52	0.253%	0.022%	-0.045%	0.107%
Colorado	2.31%	0.322%	0.74	0.273%	0.081%	-0.060%	0.027%
Wisconsin	1.54%	0.322%	0.50	0.281%	0.048%	-0.029%	0.021%
Minnesota	1.33%	0.319%	0.42	0.253%	0.070%	-0.039%	0.034%
Maryland	1.83%	0.293%	0.54	0.251%	0.059%	-0.043%	0.027%
Arizona	1.49%	0.291%	0.43	0.262%	0.068%	-0.060%	0.022%
Pennsylvania	3.82%	0.283%	1.08	0.277%	0.068%	-0.034%	-0.027%
Washington	2.98%	0.280%	0.83	0.252%	0.069%	-0.023%	-0.018%
Illinois	3.50%	0.279%	0.98	0.282%	0.063%	-0.059%	-0.008%
Texas	12.28%	0.271%	3.33	0.272%	0.077%	-0.056%	-0.023%
Florida	3.91%	0.261%	1.02	0.276%	0.071%	-0.048%	-0.037%
Georgia	2.43%	0.257%	0.62	0.264%	0.055%	-0.088%	0.027%
Virginia	1.96%	0.219%	0.43	0.256%	0.066%	-0.044%	-0.060%
New Jersey	2.89%	0.202%	0.58	0.261%	0.073%	-0.053%	-0.080%
New York	13.10%	0.180%	2.36	0.277%	0.074%	-0.087%	-0.083%

Special definitions for this section:

- Return from Yield is the sum of Coupon Return and Market Amortization Return.
- Return from Curve Change / Convexity is the sum of Parallel Shift Return, Non-Parallel Shift Return, and Residual Price Return.
- Return from Sector/Quality Composition is the portion of return from change in spread that is due to the sector/quality composition of bonds in that state, reflecting the average nationwide spread changes experienced by those sector/quality groups.
- State-Specific Spread Return is the portion of return from change in spread after adjusting for the sector/quality composition of the state's bonds, capturing the extent to which the state's bonds' spread changes differed from the national averages.

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All table data and figures in this report were produced using Investortools, Inc.'s Custom Index Manager™ product.

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