nuveen
A TIAA Company

MUNI MINUTE WEEKLY COMMENTARY | 24 AUGUST 2026

Midweek turn for municipal bonds

Market recap

Municipal bonds faced a difficult stretch last week, declining 0.58% and underperforming other fixed income asset classes. The weakness was driven primarily by rate volatility and another heavy slate of new issuance coming to market. Yields moved higher through Tuesday as Treasury rates climbed quickly, and investors pulled modest amounts of cash from muni funds during the first two sessions. Momentum shifted midweek, with the catalyst coming from Washington after the Treasury Department announced it intends to expand its bond buyback program. The news gave the broader bond market a foothold, sending both government and municipal yields lower on Wednesday. Fund flows then turned positive but landed slightly below the average pace of the past twenty-five weeks. We believe this backdrop creates an opportunity to lock in elevated yields at more favorable valuations.

How is supply trending?

August supply is tracking toward roughly $57 billion, which would rank among the three largest months on record for tax-exempt issuance.

Market impact: With less reinvestment cash available, investor demand via fund flows matter more for market direction.

KEY TAKEAWAYS

- Rate volatility and heavy new issuance sent munis down 0.58% last week. Year-to-date total returns remain positive at 0.64%.
- August supply is tracking toward roughly $57B, which would rank among the three largest months on record for tax-exempt issuance.
- Reinvestment from maturing bonds and coupon payments have thinned out since early August, making flows more crucial.

Municipal market returns (%)

Index returns by maturity	WTD	MTD	YTD
Muni Agg	-0.58%	0.22%	0.64%
Muni bond 5-year	-0.16%	0.60%	0.78%
Muni bond 10-year	-0.46%	0.54%	-0.27%
Muni bond 15-year	-0.86%	-0.04%	-0.43%
Muni long bond (22+)	-0.94%	-0.17%	1.26%
Muni bond 3–15-year blend	-0.41%	0.42%	0.18%

Source: Bloomberg L.P., 20 Aug 2026. **Performance data shown represents past performance and does not predict or guarantee future results.** All index returns are Bloomberg; shown in U.S. dollars.

What do yields look like?

Municipal yields pushed higher while valuations grew more favorable. Elevated absolute yields continue to garner investor interest.

Municipal market yields (%)

	Current (%)	Change (bps)	Ratio (%)
5Y	2.80	+5	64%
10Y	3.31	+8	70%
30Y	4.52	+7	86%

Source: MMD, Bloomberg, L.P.; data from 14 Aug 2026 – 20 Aug 2026.

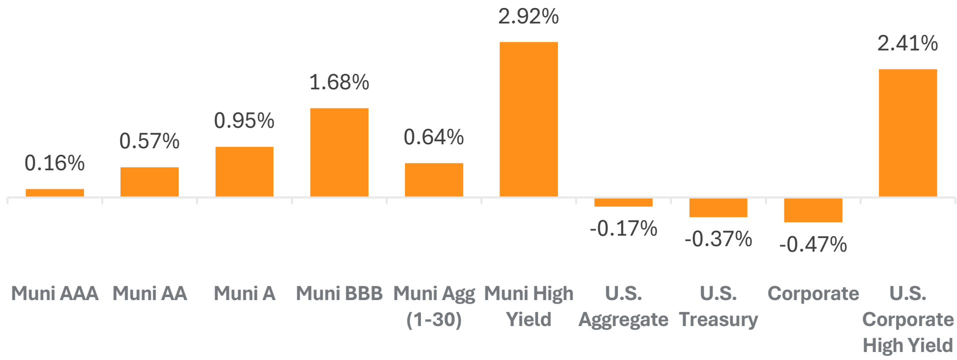
What are flows doing?

After investors pulled modest amounts of cash from municipal funds earlier in the week, munis still gathered $839M with flows favoring ETFs.

OEFs	$9M
ETFs	$830M
Long-term funds	$304M
High yield funds	$208M

Source: LSEG Lipper, J.P. Morgan data from 13 Aug 2026 – 20 Aug 2026. The summation of OEFs + ETFs represents the total flows.

FIGURE 1: YTD INDEX RETURNS BY CREDIT QUALITY (%)

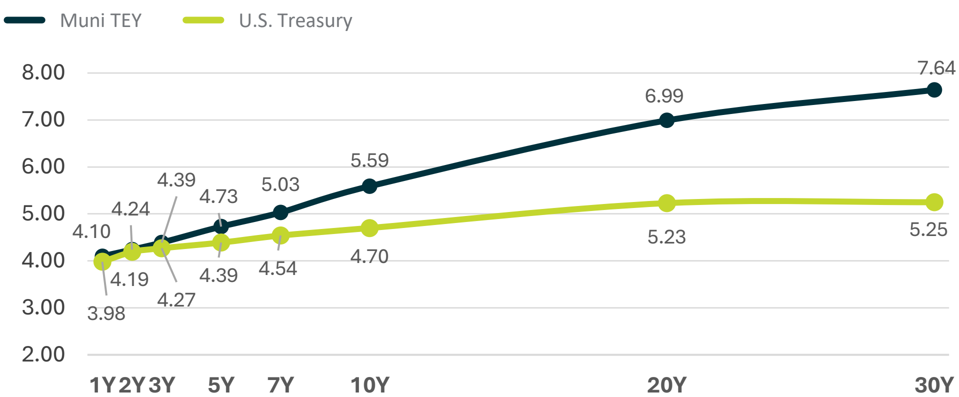


Lower-rated credits continue to hold the top spot for year-to-date performance.

Data source: Bloomberg L.P., 20 Aug 2026. **Performance data shown represents past performance and does not predict or guarantee future results.** All index returns are Bloomberg; shown in U.S. dollars.

FIGURE 2: U.S. TREASURIES VS. AAA MUNICIPAL YIELD CURVE

Taxable equivalent yield (%)

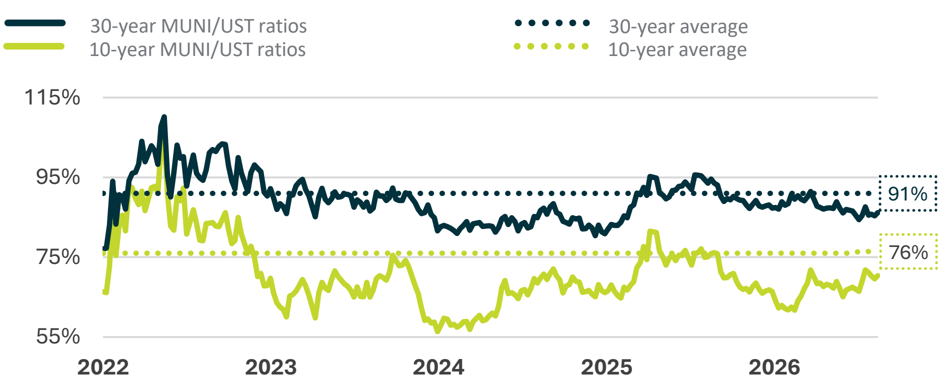


Taxable equivalent yields are more attractive in longer-maturity municipals.

Data source: Bloomberg; Nuveen Portfolio Strategy & Solutions, as of 20 Aug 2026. Taxable-equivalent yield (TEY) is the yield a taxable investment needs to possess (before taxes) for its yield to be equal to that of a tax-free municipal investment. The yields shown are based on the highest individual marginal federal tax rate of 37%, plus the 3.8% Medicare tax on investment income. Individual tax rates may vary. They do not take into account the effects of the federal alternative minimum tax (AMT) or capital gains taxes.

FIGURE 3: MUNICIPAL-TO-TREASURY RATIOS

AAA municipal bonds value relative to Treasuries



Ratios are constructive despite rich valuations, while longer maturities offer better entry points than shorter maturities.

Data source: Refinitiv MMD for fair value Municipal 10- and 30-Year Index 20 Aug 2026, averages shown from 01 Jan 1984 – 20 Aug 2026. **Performance data shown represents past performance and does not predict or guarantee future results.** Municipal-to-Treasury ratio represents the value of AAA municipal yields relative to U.S. Treasury yields.

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

For more information, please visit nuveen.com.

Endnotes

Sources

Performance: Bloomberg, L.P. **Issuance:** S&P Ipreo and J.P. Morgan. **Fund flows:** Lipper and J.P. Morgan. The sum of OEFs and ETFs represent the total municipal flows.

Any reference to credit ratings refers to the highest rating given by one of the following national rating agencies: S&P, Moody's or Fitch. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below-investment grade ratings.

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy, sell or hold a security or investment strategy, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor or suggest any specific course of action. Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her advisors.

Representative indexes: Muni bond 5-year: Bloomberg Municipal Bond 5 Year (4–6) Index; **Muni bond 10-year:** Bloomberg Municipal Bond 10 Year (8–12) Index; **Muni bond 15-year:** Bloomberg Municipal Bond 15 Year (12–17) Index; **Muni long bond:** Bloomberg Municipal Long Bond (22+) Index; **Muni bond 3–15 year blend:** Bloomberg Municipal 3–15 year blend (2–17) Index; **Muni AAA:** Bloomberg Municipal AAA Index; **Muni AA:** Bloomberg Municipal AA Index; **Muni A:** Bloomberg Municipal A Index; **Muni BBB:** Bloomberg Municipal BBB Index; **Muni Agg (1-30) bond:** Bloomberg Municipal Bond Index; **Muni high yield:** Bloomberg High Yield Municipal Index; **U.S. aggregate bond:** Bloomberg U.S. Aggregate Bond Index; **U.S. Treasury:** Bloomberg U.S. Treasury Index; **U.S. government related:** Bloomberg U.S. Government-Related Index; **U.S. corporate investment grade:** Bloomberg U.S. Corporate Index; **U.S. high yield corporate:** Bloomberg U.S. Corporate High Yield Index; **Taxable municipals**: Bloomberg Taxable Municipal Index.

This material, along with any views and opinions expressed within, are presented for informational and educational purposes only as of the date of production/writing and may change without notice at any time based on numerous factors, such as changing market, economic, political, or other conditions, legal and regulatory developments, additional risks and uncertainties and may not come to pass. There is no promise, representation, or warranty (express or implied) as to the past, future, or current accuracy, reliability or completeness of, nor liability for, decisions based on such information, and it should not be relied on as such. This material should not be regarded by the recipients as a substitute for the exercise of their own judgment. It is important to review your investment objectives, risk tolerance and liquidity needs before choosing an investment style or manager.

This material may contain "forward-looking" information that is not purely historical in nature. Such information may include, among other things, projections, forecasts, estimates of yields and/or market returns, and proposed or expected portfolio composition. No representation is made that the performance presented will be achieved, or that every assumption made in achieving, calculating or presenting either the forward-looking information or the historical performance information herein has been considered or stated in preparing this material. Any changes to assumptions that may have been made in preparing this material could have a material impact on any of the data and/or information presented herein by way of example.

For term definitions and index descriptions, please access the glossary on nuveen.com. **Please note, it is not possible to invest directly in an index.**

Important information on risk

Past performance is no guarantee of future results. All investments carry a certain degree of risk, including the possible loss of principal, and there is no assurance that an investment will provide positive performance over any period of time. Certain products and services may not be available to all entities or persons. There is no guarantee that investment objectives will be achieved.

Investing in fixed income investments involves risks such as market risk, credit risk, interest rate/duration risk, call risk, tax risk, political and economic risk, derivatives risk, and income risk. Credit risk refers to an issuers ability to make interest and principal payments when due. Typically, the value of, and income generated by, fixed income investments will decrease, or increase based on changes in market interest rates. As interest rates rise, bond prices fall and as interest rates fall, bond prices rise. Income is only one component of performance and investors should consider all of the risk factors for an asset class before investing.

Investing in municipal bonds involves risks such as market risk, credit risk, interest rate/duration risk, call risk, tax risk, political and economic risk, derivatives risk, and income risk. Credit risk refers to an ability to make interest and principal payments when due. Typically, the value of, and income generated by, muni bonds will decrease, or increase based on changes in market interest rates. As interest rates rise, bond prices fall and as interest rates fall, bond prices rise. Income is only one component of performance and investors should consider all of the risk factors for an asset class before investing. Income is generally exempt from regular federal income tax and may be subject to state and local taxes, based on the investor's state of residence, as well as to the federal alternative minimum tax (AMT). Capital gains, if any, are subject to tax. Income from municipal bonds could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of a bond issuer. Please contact a tax professional regarding the suitability of tax-exempt investments as this information should not replace a client's consultation with a financial/tax professional regarding their tax situation. Nuveen and its investment specialists do not provide tax advice.

Taxable-equivalent yields are based on the highest individual marginal federal tax rate of 37%, plus the 3.8% Medicare tax on investment income. Individual tax rates may vary.

Nuveen, LLC provides investment solutions through its investment specialists.

This information does not constitute investment research as defined under MiFID.

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.