

Figure 9 examined the intra-day volatility for the two ETFs (MUB and VTEB) by calculating the difference between the daily high price and daily low price as a percentage of the daily average price. The intra-day volatility for both ETFs started taking off on April 4 and then continued to soar until hitting a peak on April 9, when welcome news toned down some of the uncertainty unsettling markets. By the end of April, the intra-day volatility for the two ETFs had returned to the level prior to the April 2 announcement.

MAY 2025

April 2025 Market Recap



CONTENTS

2	Introduction	8	Mutual Fund and Exchange Traded Fund (ETF) Flows
2	Trade Volume	8	Trading in Municipal Bond ETFs
4	Yields	9	Market Volatility
6	Trading on Alternative Trading Systems	11	Conclusions
7	New Issue Volume		

Introduction¹

April 2025 was an extraordinary month in the municipal securities market, fueled by market uncertainty that rocked financial markets around the world. Municipal securities saw unprecedented trading volume as well as the highest level of interest rate volatility since the COVID pandemic in March 2020. Consistent with previous MSRB research, higher yields and higher interest rate volatility led to higher volumes, especially in terms of trade count.² There were also net outflows from tax-exempt mutual funds and tax-exempt exchange traded funds (ETFs). The new issue calendar was robust, although many deals were pulled or listed as day-to-day at the height of the market volatility.

Trade Volume

As Figure 1 shows, April hit a new trade count record of 1.72 million trades, up 13% from the previous monthly record set in November 2023. The number of trades peaked on April 9, when there were almost 113,000 trades reported, up 28% from the previous daily high of 88,000 trades on April 8. In fact, April 2025 included the eight highest trade count days of all time, and the week of April 7 was the busiest week ever, with almost 450,000 trades, up 12% from the previous weekly high set in October 2023.

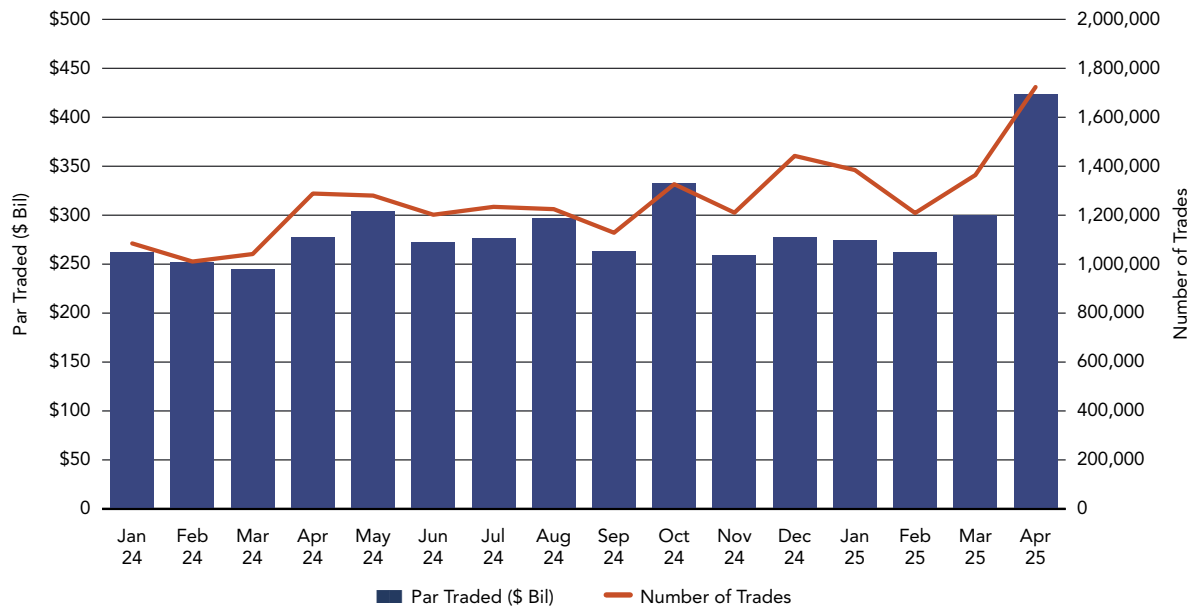
April was also the 21st consecutive month and 23rd out of the last 24 months with 1 million or more trades. Prior to April 2022, the market had only seen a total of eight months going back 17 years to 2005 with that volume of trades.

¹ The views expressed in the research papers are those of the author(s) and do not necessarily reflect the views and positions of the MSRB Board and other MSRB staff.

² See Wu, Simon and John Bagley, "[What Drives Trading Volume in the Municipal Securities Market? A Study of Likely Factors](#)," Research Paper, Municipal Securities Rulemaking Board, February 2025.

Although trade count for April 2025 was up 34% compared to April 2024, the par amount traded was up even more, 52% higher than in April 2024 at \$423.1 billion. In the past few years, we have seen the average trade size consistently fall. However, in April, the average trade size was \$245,526, up 14% from April 2024, likely impacted by the large amount of new issue in the month.

Figure 1. Monthly Municipal Market Activity, January 2024–April 2025



Selling pressure dramatically increased after the first week in April. For the week ending April 11, the daily average of customer par amount sold was up 80% over the daily average of the previous three months. The par amount sold during April 8–10 was more than double that daily average.

Figure 2. Customer Par Amount Sold Per Day, 2025

Date	Par (\$ Mil)	% Change
January 1–April 4	\$4,126	
April 7	\$6,753	64%
April 8	\$10,447	153%
April 9	\$10,912	164%
April 10	\$10,457	153%
April 11	\$5,943	44%
Average	\$8,902	116%

Yields

April was the most volatile month for tax-exempt benchmark yields since the onset of the COVID pandemic in March 2020. The week of April 7 was especially volatile, with the 10-Year BVAL callable curve reaching an all-time high of 3.80% on April 9, surpassing the previous record established in 2023.³ See Figure 3.

Figure 3. Bloomberg BVAL 10-Year Callable Yields, January 2023–April 2025



Source: Bloomberg Financial L.P.

³ Bloomberg BVAL Callable Yields started in 2011.

Figures 4 and 5 show the yield volatility during the week of April 7. From Monday through Wednesday, benchmark tax-exempt yields rose almost 90 basis points, then declined by almost 50 basis points on Thursday only to rise 25 basis points or more on Friday. For the week, benchmark tax-exempt yields closed up more than 60 basis points.

Figure 4. Bloomberg BVAL Callable Yields, April 4, 2025–April 11, 2025

Year	April 4	April 7	April 8	April 9	April 10	April 11
1	2.345	2.642	2.895	3.211	2.739	3.004
2	2.433	2.731	2.981	3.292	2.816	3.074
3	2.509	2.808	3.055	3.372	2.891	3.142
5	2.610	2.934	3.183	3.477	2.992	3.242
10	2.934	3.274	3.500	3.804	3.323	3.569
20	3.670	4.005	4.203	4.508	4.050	4.294
30	3.965	4.314	4.508	4.801	4.356	4.604

Source: Bloomberg Finance, L.P.

Figure 5. Bloomberg BVAL Callable Yields, April 4, 2025–April 11, 2025

Year	Change 04/04 to 04/07	Change 04/07 to 04/08	Change 04/08 to 04/09	Change 04/09 to 04/10	Change 04/10 to 04/11	Change 04/04 to 04/09	Change 04/04 to 04/11
1	30	25	32	-47	27	87	66
2	30	25	31	-48	26	86	64
3	30	25	32	-48	25	86	63
5	32	25	29	-49	25	87	63
10	34	23	30	-48	25	87	64
20	34	20	31	-46	24	84	62
30	35	19	29	-45	25	84	64

As volatile as April 2025 was, it was not as volatile as March 2020. Figure 6 compares the most volatile three-day and weekly periods in April 2025 and March 2020 and shows that March 2020 was significantly more volatile than April 2025.

Figure 6. Bloomberg BVAL Callable Yields, 2020 vs. 2025

Year	Largest Weekly Changes (basis points)		Largest 3-Day Changes (basis points)	
	4/04/2025 to 4/11/2025	3/13/2020 to 3/20/2020	4/04/2025 to 4/09/2025	3/17/2020 to 3/20/2020
1	66	173	87	133
2	64	164	86	129
3	63	155	86	124
5	63	139	87	116
10	64	121	87	108
20	62	108	84	100
30	64	104	84	97

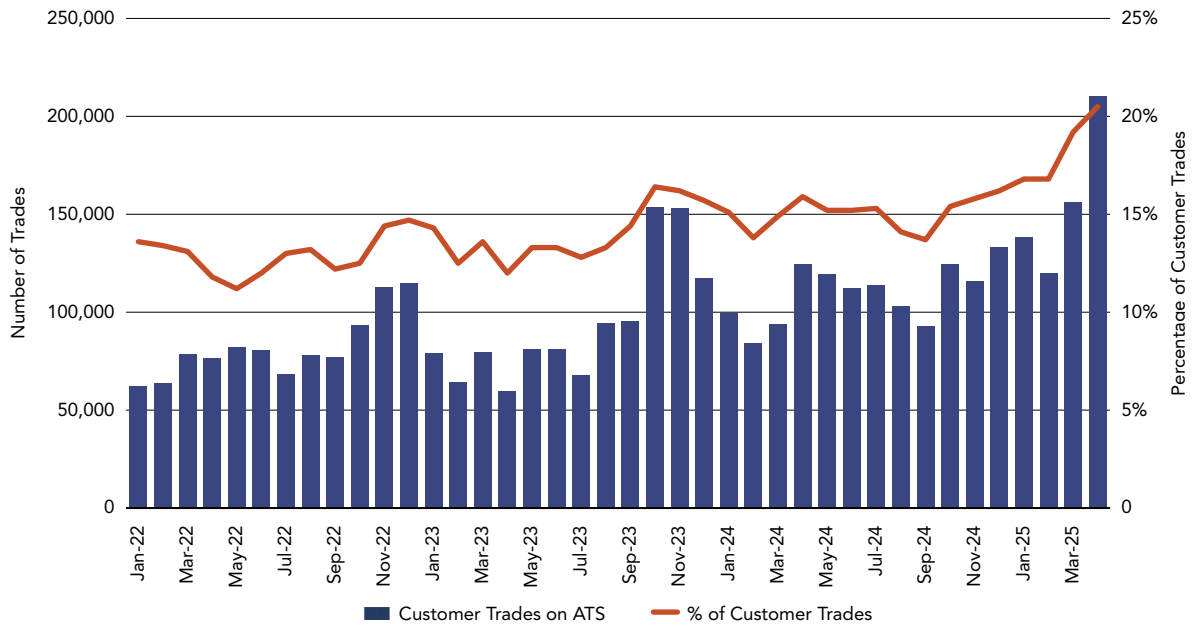
That said, in March 2020, the market recovered a large part of the steep losses incurred during the month, with benchmark tax-exempt yields finishing higher by 35–52 basis points. In April 2025, while tax-exempt yields didn’t rise quite as much as they did in March 2020, the increases were more sustained and ended the month up 27–100 basis points.

With tax-exempt securities underperforming compared to Treasury bonds, the Muni/Treasury ratio has risen across the curve. For example, at the end of March, the 10-year Muni/Treasury ratio was 75% but rose to 80% by the end of April.

Trading on Alternative Trading Systems

Alternative Trading Systems (ATSs) continued to support liquidity for both individual and institutional investors in April. While the percentage of interdealer trades executed over an ATS increased slightly in April, the percentage of customer trades executed with a dealer associated with an ATS increased to approximately 20.5%, up from 19.2% in March 2025 and 15.9% in April 2024, as Figure 7 shows. That means one in every five customer trades in April 2025 were executed with a dealer associated with an ATS.

Figure 7. Customer Trades Executed on ATS, January 2022–April 2025



New Issue Volume

The dramatic increase in volatility and rates at the beginning of April impacted new issue volume for the month. While the weeks of March 31, April 14 and April 21 had \$10.1–\$12.5 billion in issuance, the week of April 7 had only \$4.3 billion, as issuers pulled deals or moved them to a day-to-day basis to avoid pricing into the volatility. Although volume the week of April 7 was expected to be significant, it ended up being the lowest volume week so far this year.

Issuance bounced back nicely in April despite the sharp reduction in issuance in the first full week of the month. Total new issue volume in April was down only 2% compared to April 2024 and down 8% compared to March 2025.

Mutual Fund and Exchange Traded Fund (ETF) Flows

According to the Investment Company Institute (ICI), tax-exempt mutual funds had outflows of almost \$5 billion in the first two weeks of April, including \$2.7 billion in net outflows the week of April 7, which were the largest net weekly outflows since November 2022. Tax-exempt mutual funds also saw four consecutive weeks of net outflows totaling more than \$9 billion, resulting in net outflows for the year.

Although tax-exempt ETFs had inflows at the beginning of the month, \$1.4 billion in net outflows the week of April 7 were the highest recorded since ICI started tracking ETF flows in 2007. This sudden and large reversal of flows certainly impacted the market, however tax-exempt ETFs were helped by positive net flows of almost \$1 billion the week of April 14 and an additional \$300 million the week of April 21.

Trading in Municipal Bond ETFs

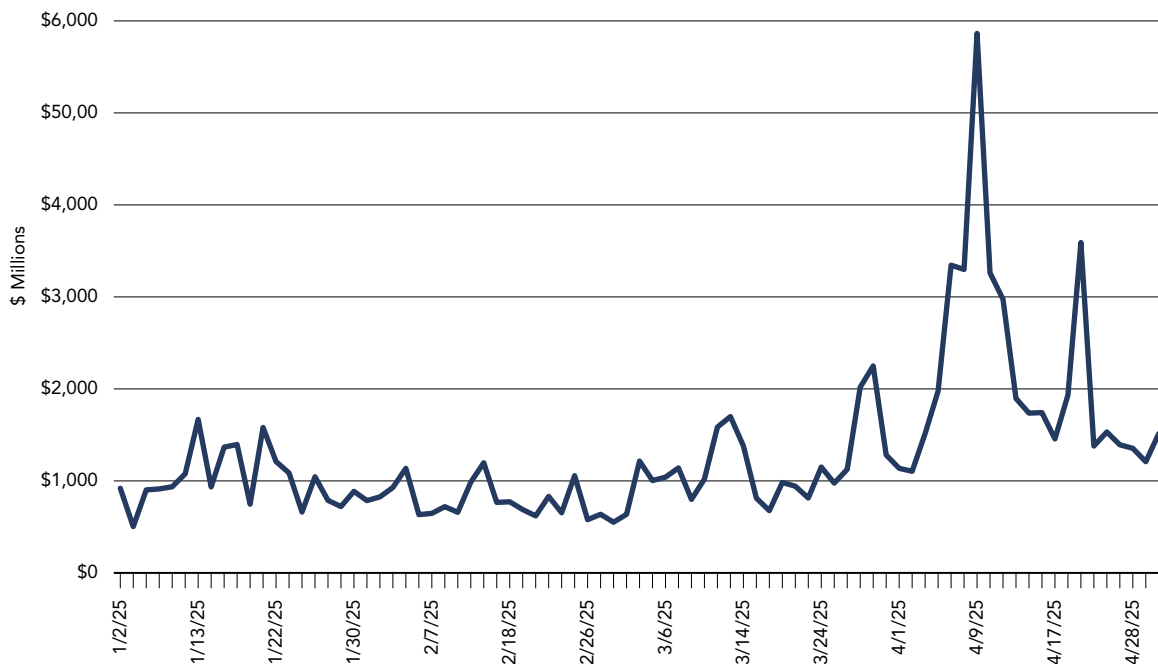
In addition to municipal securities, municipal bond ETFs also experienced extremely heavy trading volume amid market volatility in April 2025. For this exercise, we focus on 11 municipal bond ETFs.⁴ While there are many other municipal bond ETFs, these 11 ETFs are among the most frequently traded municipal bond ETFs.⁵ Figure 8 shows while the average daily dollar volume traded⁶ was around \$1 billion for the 11 ETFs between January and March 2025, the subsequent few weeks witnessed much higher daily trading volume, with the dollar volume for April 9, 2025 approaching \$6 billion, almost six times as much as the daily average during the preceding three months. The daily trading volume gradually came down over the rest of April.

⁴ Includes tickers: MUB, MUNI, TFI, JMST, HYD, PZA, BAB, CMF, ITM, HYMB, VTEB. See https://munifinance.uchicago.edu/data_dashboard/municipal_bond_vix/.

⁵ University of Chicago recently selected the same 11 municipal bond ETFs for their “consistent daily put/call trading volume” to be included in the University of Chicago Municipal Bond VIX index calculation.

⁶ Calculated as the number of daily shares traded multiplied by the closing price.

Figure 8. Daily Dollar Volume Traded by 11 Municipal Bond ETFs, January 2, 2025–April 30, 2025



Source: MSRB’s analysis of ETF historical data downloaded from Nasdaq.com

Market Volatility

Not surprisingly, the month of April 2025 also had a significant spike in volatility when compared to prior periods. For this analysis, we calculated the intra-day volatility for the two most-widely owned and traded municipal bond ETFs, iShares National Muni Bond ETF (ticker symbol MUB) and Vanguard Tax-Exempt Bond ETF (VTEB).⁷ While the day-to-day volatility⁸ is another method to measure the market volatility over time,⁹ we chose to focus on the intra-day volatility due to the uniqueness of April 9 and April 10, when market uncertainty caused large increases in volatility across financial markets.

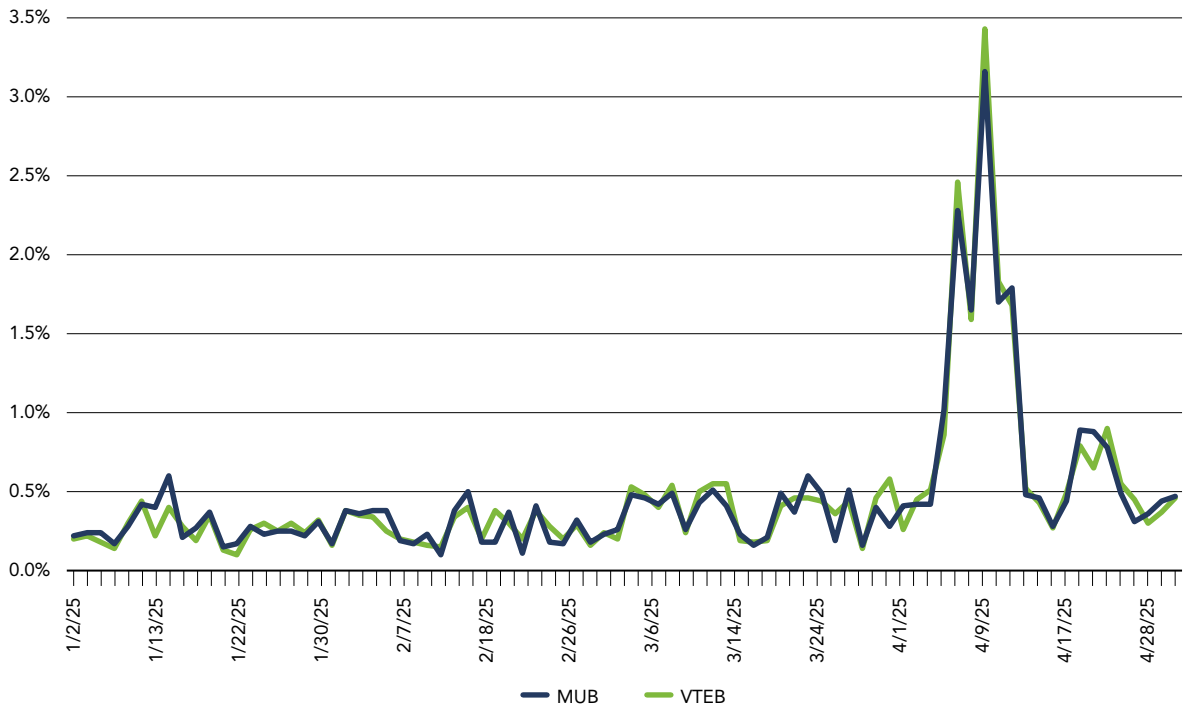
⁷ Both ETFs are designed to track a similar pool of municipal bonds, with MUB tracking the ICE AMT-Free US National Municipal Index and VTEB tracking the S&P National AMT-Free Municipal Bond Index.

⁸ The day-to-day volatility is calculated by using the standard deviation (the square root of variance) of the daily return over a period. It is used as a statistical measure of market volatility to assess how widely prices are dispersed from the average price.

⁹ The MSRB found a similar spike in volatility in April 2025 when using the standard deviation of daily returns, with the increase exceeding the scale of previous increases in 2022 and 2023 when the inflation rate surged.

Figure 9 examined the intra-day volatility for the two ETFs (MUB and VTEB) by calculating the difference between the daily high price and daily low price as a percentage of the daily average price. The intra-day volatility for both ETFs started taking off on April 4 and then continued to soar until hitting a peak on April 9. By the end of April, the intra-day volatility for the two ETFs had returned to the level prior to April 2.

Figure 9. Intra-Day Volatility for MUB ETF and VTEB ETF, January 2, 2025–April 30, 2025



Source: MSRB's analysis of ETF historical data downloaded from Nasdaq.com

Conclusions

April 2025 was an extraordinary month in the municipal securities market. Highlights include:

- Interest rate volatility reached the highest level since March 2020 at the onset of the pandemic.
- The BVAL 10-year callable yield reached an all-time high of 3.80% on April 9.
- Trade count reached new daily, weekly and monthly records.
 - On April 9, there were almost 119,000 trades, up 36.8% from the previous daily record of 87,000 on November 1, 2023.
 - For the week of April 7, there were 450,000 trades, up 12.5% from the previous weekly record of 400,000 the week of October 30, 2023.
 - Finally, the month of April had 1.72 million trades, up 14.7% from the previous monthly record of 1.5 million in November 2023.
- The new issue calendar decreased dramatically with increased volatility during the week of April 7 but returned to significant levels for the rest of the month.
- Trading volumes in municipal bond ETFs rose to almost six times the daily average on April 9.

ABOUT MSRB

The Municipal Securities Rulemaking Board (MSRB) was established by Congress in 1975 with the mission to protect investors, issuers and the public interest and to promote efficiency, competition and capital formation. MSRB is a private, self-regulatory organization governed by an independent board of directors with market knowledge and expertise. MSRB does not receive federal appropriations and is funded primarily through fees paid by regulated entities. MSRB is overseen by Congress and the Securities and Exchange Commission.



CORPORATE OFFICE

Municipal Securities
Rulemaking Board
1300 I Street NW, Suite 1000
Washington, DC 20005
202-838-1500

MSRB SUPPORT

202-838-1330
MSRBsupport@msrb.org

ONLINE

MSRB.org
EMMA.MSRB.org
EMMALabs.MSRB.org

The information and data in this document are provided without representations or warranties and on an "as is" basis. MSRB hereby disclaims all representations and warranties (express or implied), including, but not limited to, warranties of merchantability, non-infringement and fitness for a particular purpose. Neither MSRB, nor any data supplier, shall in any way be liable to any recipient or user of the information and/or data, regardless of the cause or duration, including, but not limited to, any inaccuracies, errors, omissions or other defects in the information and/or data or for any damages resulting therefrom. MSRB has no obligation to update, modify or amend information or data herein or to notify the reader if any is inaccurate or incomplete. This document was prepared for general informational purposes only, and it is not intended to provide, and does not constitute, investment, tax, business, legal or other advice.