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Rieger Report: Muni Market's Moot Reaction To Bond Insurers Credit Watch Negative.

So far, the municipal bond market has seen only a modest reaction to the recent negative credit watch being placed on the ratings of several bond insurers.

Month to date as of June 12, 2017, the S&P Municipal Bond Insured Index tracking over \$148 billion in par value of insured bonds has performed in sync with the overall market. The insured bond index has an average yield that is higher than the broader S&P Municipal Bond Investment Grade Index which tracks over \$1.5 trillion in par value. As an additional validation, the insured bond market performance as compared to larger more liquid bonds in the S&P National AMT-Free Municipal Index also seems to be at a parity, at least so far in June.

Year to date, the higher yielding bonds in the S&P Municipal Bond Insured Index have contributed to outperformance versus the rest of the investment grade market place.

By J.R. Rieger

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