

# **Bond Case Briefs**

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## **Pimco Says Puerto Rico Bonds Look Better Since Prices Fell.**

- **Price on island G.O. With 8% Coupon cut in half after storm**
- **Investors must consider untested bankruptcy process, firm says**

To Pacific Investment Management Co., Puerto Rico bonds are looking more attractive.

The island's general-obligation debt due in 2035, the most actively traded security, has lost about half its value since Hurricane Maria ravaged the territory in September, threatening to worsen the government's financial crisis by causing damage so severe that most of the electricity system is still down. The bonds traded for an average of 27.1 cents Wednesday, an all-time low.

"With Puerto Rico general obligation bond prices down more than 40 points since March, trading for roughly 30 cents on the dollar, we think valuations are looking more favorable than in the past," David Hammer, Pimco's head of municipal bond portfolio management for the Newport Beach, California-based firm, wrote in a quarterly report posted on the firm's website.

Still, he said investors need to consider the risks posed by Puerto Rico's record-setting bankruptcy and the potential impact of the storm — and the federal government's response — on the island's economy, Hammer wrote.

Agnes Crane, a spokeswoman for Pimco, didn't immediately respond to a phone message and email about whether the firm has been buying Puerto Rico general-obligation bonds.

### **Bloomberg Markets**

By Michelle Kaske

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