
New Muni Bonds Expected To Be Slightly Lower In 2019 As Credit Troubles Kick In.

New municipal bonds are should be slightly lower next year than this year, six large and regional broker-dealers report in a new SIFMA survey.

A broad based deterioration of credit and fiscal pressures associated with underfunded pension programs were cited as key factors in the expected dampening of the market.

Broker-dealers responding to the SIFMA survey are projecting new long term muni bonds will total $317 billion in 2019 versus an expected $330.7 billion for 2018.

Short term municipal bonds should come in at $36.5 billion for the new year compared to $43 billion for the old, according to the poll taken from November 19 to December 17.

The ratio of the yield on 10-year AAA general obligation municipal bonds to the 10-year Treasury benchmark is expected be 86.0 percent at end-December 2018 before rising slightly to 86.7 percent end-December 2019.

The 10-year Treasury yield is forecast to climb from 3.09 percent at the conclusion of this year to 3.38 percent at the end of 2019.

General purpose and education are seen as the two largest sectors of muni bond issues for the coming year followed by utilities and transportation.

Defaults were predicted for around 30 issuers of bonds with a face value of $1.5 billion to $4 billion.

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Ted Knutson is one of the most experienced financial regulatory reporters in Washington. For years, he has covered the SEC, CFTC, the bank regulators and the key Congressional committees.