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Municipal Debt and the Looming Recession Talks.

As the U.S. economy continues its longest period of growth and expansion, many leading economists have been warning investors of the inevitable slowdown of the economy, potentially leading to a recession.

Where some economic indicators such as the ISM manufacturing index, inflation and initial jobless claims suggest a strong growth continuation of the U.S. economy, other indicators suggest the opposite. In March 2019, one of the leading and most reliable recession indicators, the yield curve, witnessed an inversion where the yield on 10-year \treasuries fell below the 3-month yield for the first time since 2007 when the U.S witnessed one of the worst economic downturns in history.

In this article, we will take a closer look at the looming concerns for investors in municipal debt, some critical checks before investing in municipal debt instruments and a temperature check for local government leaders to see if they are prepared for an economic downturn in their respective jurisdictions.

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