## Nervous Retail Buyers Shy Away From NYC Debt on Volatility.

- **Individuals made up about 9% of orders on this week's sale**
- **Retail Investors represented almost 30% of orders last month**

Individual investors shied away from New York City's general-obligation bonds sale this week and the market volatility spawned by the coronavirus may be to blame.

Individuals placed $77 million of orders on the $860 million of tax-exempt general-obligation bonds offered by the largest U.S. city this week — representing about 9% of the securities sold during a two-day retail order period — and $65 million were filled, according to a city news release. Last month, when the city sold $1.1 billion of similar securities, individual investors bought $302 million of them, or about 27%, the city said.

"The sentiment is cash is king and people are nervous about deploying cash in this volatility," said Sweta Singh, a portfolio manager at Wilkins Investment Counsel Inc in Boston.

Jonathan Kahn, an individual investor who lives in Queens, said the lack of retail demand was more likely the result of rock-bottom yields and declining quality of life. New York City crime rose 17% in January from a year earlier, according to the police commissioner and the city's subway chief, who was credited with improving on-time performance, resigned.

New York City bonds maturing in 10 years were priced to yield 1.21%, or 0.22 percentage point more than AAA rated debt.

"As a retail investor, it's not the volatility so much as at these prices, it's all risk and no reward," Kahn said in an email. "NYC GO's always sold a little cheaper and paid a little more during periods of perceived or looming dysfunction. Making a long-term bet on a municipal bond in the current low-rate environment is a bet that things won't unravel. Not as sure a wager as over the recent past."

Yields on 10-year U.S. Treasuries plummeted almost 0.2 percentage point to a record low of 0.975% on Tuesday as investors sought refuge from the financial risks of the coronavirus. Tax-exempt bond yields didn't follow, rising about 0.02 percentage point.

"We received fewer retail orders for the general obligation bonds priced today than the City typically receives, likely as a result of a number of factors, including volatility in the market arising from concerns about the coronavirus outbreak and the low level of tax-exempt rates," Marjorie Henning, deputy comptroller for public finance at the Office of New York City Comptroller Scott Stringer, said in an email.

Laura Feyer, a spokeswoman for New York City Mayor Bill de Blasio, said the demand for the city's bonds is "strong," with retail investors placing $1.7 billion in orders for the city's general obligation and Transitional Finance Authority bonds in 2019. Institutional investors placed $4.4 billion in orders for this week's sale, five-and-a-half times the amount of bonds available, according to a news release.

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