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## [Riskiest Municipal Tobacco Bonds Hit by Smoking Declines.](#)

The riskiest tobacco bonds have slid this year to the second-worst performer in high-yield municipal debt as smoking declines at a faster rate than assumed under the securities' structure.

The debt, backed by settlement payments states receive from tobacco companies, has declined 4.1%, compared with a 2.6% gain for the high-yield tax-exempt market, according to data compiled by Bloomberg. Only high-yield transportation bonds, hit by the struggles of Florida's Brightline private railroad, have fared worse.

"There's uncertainty about cash flows, there's consumption declines, and I think the buyer base is just shrinking," said Jerry Solomon, a portfolio manager at Capital Group.

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### **Bloomberg Markets**

By Martin Z Braun

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