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Bloomberg Brief: The Muni Meltdown that Wasn't.

The Muni Meltdown That Wasn't, a Bloomberg Brief, discusses the "inexpert testimony" that flew fast and furious during the panic of 2010 and questions why the opinion of non-experts was taken so seriously – especially in light of the fact that none of their dire predictions about an imminent municipal bond market collapse came to pass.

The brief analyzes the predictions, hyperbole, and fact, and provides five major lessons learned:

1. The municipal market is particular and specific to a remarkable degree. Hysteria proponents either ignored or didn't know about the incredible variety of securities and credits sold generically as "municipal bonds.'' They generalized.
2. Beware inexpert testimony; not all points of view are legitimate and credible.
3. Many of the dire predictions about the market were politically informed.
4. Municipalities that are legally allowed to file for Chapter 9 will do all they can to avoid it.
5. Twitter is a good source of breaking news and analysis; dismiss it at your risk. (The paper dates the "muni market meltdown hysteria" as starting in 2009, at which point those who understood the municipal market weren't talking about it on social media. That had started to change a few years later, and if the inexpert testimony had started then, "any such 'meltdown' call would have been mitigated, even refuted, by the very same Internet that had given birth to it.")