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Maria Made Puerto Rico's Giant Debt Even Trickier for Hedge Funds.

A larger federal role in helping the island recover from the devastating hurricane could increase the pressure for bondholders to share the burden.

After President Trump said in an Oct. 3 television interview that Puerto Rico's debt would have to be forgiven, the price of bonds issued by the U.S. territory fell as much as 31 percent, a massive move in the staid world of municipal credit. The president has no direct control over a question that's being hashed out in the courts, yet the market's panic attack underscored a simple truth: Puerto Rico's insolvency, already a complicated and painful problem, has become thornier since Hurricane Maria slammed into the island on Sept. 20.

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