Bond Case Briefs

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100-Year Muni Bonds Might Just Be the Safest Yield Play.

Income-oriented investors already know that municipal bonds are pricey right now. But taking a longer view—say, a century—could bring benefits.

Municipal bonds are expensive compared to historical averages, and have been all year. The problem is that most other income-generating markets are expensive, too. More than $14 trillion of global debt currently has negative yield, according to Bloomberg Barclays Indices, and investors' remaining options to earn income bring their own problems.

When global interest rates are this low, investors usually need to take on more risk to earn a steady income on their cash, whether that risk is of corporate default or interest-rate-driven price swings.

Investing in stocks or high-yield debt markets requires a high tolerance for default risk, especially with a global manufacturing slowdown and bond-market recession warnings. Investors worried about recession tend to stick with higher-quality bonds, sacrificing some of the junk-bond market's 6% payout to get more protection against a downturn.

Continue reading.

Barron's

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