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Can You Hear The Madness In The Municipal Bond Market?

Overpowering Demand; Yields Sink To 1950s Lows; No End In Sight—these are just some of the headlines coming from the municipal bond sector. Old timers, young timers and market timers have never seen such a continuous rush to buy municipal bonds. The ghost of Meredith Whitney's past is rolling over.

As bond manager and a municipal bond investor myself, the market is grotesquely overvalued. Can it get more overvalued? Of course. But for me, it's time to put on the brakes.

The most overvalued states are of course the most confiscatory states: California, New York, Hawaii, Oregon, Minnesota, New Jersey, Vermont, plus the District of Columbia. Their state tax rates can choke a perfectly healthy investor.

Continue reading.

Forbes

by Marilyn Cohen

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