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Yields on Transportation-Related Muni Bonds Are Climbing. It's Too Soon to Buy.

Debt issued by entities like New York's Metropolitan Transportation Authority has fallen in price, sending yields higher, as the coronavirus crisis chokes off ridership, and revenue, but analysts say it is too soon to buy.

The MTA and other transportation-related issuers appealed for federal help this week, and Moody's said Friday it expects government support for the agency, "given MTA's unmatched essentiality to the regional and national economy, especially during a post-coronavirus recovery." But the credit-rating company still said it may downgrade the MTA's transportation-revenue bonds.

Municipal debt in general has sold off sharply, pushing up borrowing costs for states and local authorities and prompting the Federal Reserve to expand efforts intended to keep markets running smoothly to include short-term munis. The transportation-related corner of the market has been under particular strain.

Continue reading.

Barron's

By Leslie P. Norton

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