

Bond Case Briefs

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Even Municipal Bonds Aren't Safe From Downgrades.

It seems like no asset is safe in this coronavirus-stricken market—even municipal bonds, which were once seen as some of the safest debt issues in the fixed income space. S&P Global Inc and Moody's Corp, two of the largest credit rating agencies, issued downgrades that included municipal bonds.

"Municipal bonds tied to specific projects or taxes are also being downgraded. S&P recently cut the ratings on revenue bonds backed by a student housing project in Corpus Christi, Texas, by six notches, taking the debt from the lowest notch of investment-grade deep into junk territory," a [Wall Street Journal report](#) noted. "Falling tax collections are also hitting bonds backed by governments' broad taxing powers."

And it's not just downgrading that prospective municipal bond investors need to watch. It's having a boomerang effect on insurers that guarantee these bonds.

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ETF Trends

by BEN HERNANDEZ on MARCH 25, 2020