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Small Investors Ruled the Municipal-Bond World for a Few Days in March.

They were there to jump on bargain prices as the coronavirus crisis prompted big money managers to unload bonds

A rough stretch in the municipal-bond market in March turned out to be a golden opportunity for some household bondholders. Small-time investors are seeing huge price gains on bonds they scooped up that month, as mutual funds were hemorrhaging cash and cities were canceling plans to borrow.

Smaller bond purchases, of $100,000 or less, reached their highest volume in 10 years on March 24, a combined one-day total of $795 million, according to the Municipal Securities Rulemaking Board. About $2.75 billion was purchased in quantities of $100,000 or less over a period of four business days beginning March 19. Bargain prices abounded as the S&P Municipal Bond Index hit a 15-month low that ended only after the Federal Reserve said it would help prop up the market.

“I had never seen it rain that much that hard for that long ever,” said Edward Mahaffy, a Little Rock, Ark., investment adviser who has been managing municipal-bond portfolios for 35 years.

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The Wall Street Journal

By Heather Gillers

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