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What's Next For The Muni Market?

Summary

- The municipal industry has a long history of very strong credit quality and very low default experience.
- The Municipal Liquidity Facility aims to keep the marketplace active and efficient, allowing issuers access to capital while their economies or programs begin to return to normalcy.
- All things considered, while we expect some bumpy roads in the near term, I am optimistic about the municipal bond market's recovery.

During periods of economic uncertainty, near-term decisions can determine the nature and durability of the recovery that drives long-term credit quality. I believe there is some cause for optimism for recovery in the municipal bond market. There may be many bumps in the road, but fears of many humpty-dumpty defaults really belong more in a story about Chicken Little.

My many years working with the municipal bond market entitles me, I suppose, to offer some perspective on what has occurred over the past two months, and what we might anticipate for the next few months. There isn't anyone who has not, in one way or another, asked "What do I do next?" To frame some possible answers, here are a few "markers" to consider.

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