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Will a Pandemic Recovery be Dependent on Municipal Bonds?

The Federal Reserve is doing what it can to shore up the bond markets, but one submarket it shouldn't forget is municipal bonds. A pandemic recovery could be predicated on how the muni space reacts in a post-coronavirus world.

"The municipal bond market has for decades served as a vehicle for assisting localities in reviving local industries and abandoned facilities by providing incentives for investors to support such high-risk efforts. In this time of a serious economic setback, we see Congress focusing on rescuing existing businesses, which is an appropriate response. There is another response that should be considered," Richard Lehmann [wrote](#) in Forbes.

"Looking into the future, we see an almost universal agreement that we need to restore many products and activities that were off-shored to China," Lehmann added. "We now recognize that this was a mistake. I'm sure that a reshoring of many critical products will take place over the next few years, but this process can be immensely sped up by involving local governments with municipal bond issuing authority."

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