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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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