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Muni Sales Surge 22% Past Old Record in Rush to Beat Election.

- **Monthly sales hit \$71.2 billion, far more than 2017 peak**
- **Governments seize on low rates, calm in the bond market**

America's state and local governments unleashed a record-setting torrent of bond sales this month.

Racing to seize on low interest rates and financial-market calm ahead of the presidential election, public officials sold more than \$71 billion of debt this month, according to data compiled by Bloomberg. That's 22% more than the previous record in December 2017, when governments hurried to borrow before President Donald Trump's tax-law yanked the subsidies from a major refinancing technique.

The borrowing surge reflects the unpredictability associated with the election and a surging pandemic that is threatening to leave governments contending with deepening financial strains as shutdowns hit tax collections.

"Because of the uncertainty tied to the election outcome you are looking at a lot of issuers rushing to market," said Dennis Derby, a portfolio manager for Wells Fargo Asset Management, which has about \$40 billion in muni assets under management. "Issuers who have come to market in the month of October have enjoyed very strong market access."

The October surge was easily absorbed by the market, where yields barely budged and governments have had little trouble raising money despite the toll of the pandemic. It's unclear, however, how the financial markets will respond to the outcome of next week's election, given that President Donald Trump's surprise victory four years ago triggered a bond-market selloff that temporarily sent yields surging.

The pace of debt sales is anticipated to slow dramatically since so many deals were moved up into September and October. Citigroup Inc. analysts said in a note Friday that they expect new offering to plunge by 70% in November due to the election and Thanksgiving holiday.

Buyers have scooped up municipal debt amid indications that the pipeline of new deals will slow in the last two months of the year, leaving 10-year benchmark yields at about 0.92%, up only slightly from 0.83% at the start of the month. The volume of municipal debt sales so far scheduled for next month stands at about \$11 billion, almost one-third what it was in mid-October, according to data compiled by Bloomberg.

During the recent "burst of supply," muni bonds "are holding in," said Kathleen McNamara, senior municipal strategist for UBS Financial Services.

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By Shruti Singh

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