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Wall Street Muni Desks End Record Year With New Deal Deep Freeze.

- **Volume of offerings in pipeline plunges to 8-year low**
- **Lull may help prices as debt payments fuel reinvestment demand**

On Wall Street, municipal-bond underwriters are winding down a record-setting year on a quiet note.

The volume of new debt offerings scheduled for the next 30 days has dwindled to just $2.29 billion, an amount that's smaller than even the single bond issue floated by New Jersey last month. It marks the smallest calendar since December 2012, signaling that the market is effectively going into hibernation until new deals start popping up in January.

The slowdown comes after a big year for bond sales, with long-term issuance increasing about 12% to $457 billion in 2020, exceeding the previous record hit in 2016, according to data compiled by Bloomberg. The surge was driven heavily by refinancing as states and cities rushed to capture savings offered by low interest rates, with much of that coming ahead of the presidential election in case the outcome upset financial markets.

The gauge of upcoming sales captures only a fraction of what will likely be sold because many deals are done on shorter notice.

The drop-off is likely to continue into January, which may help to prop up prices. The month typically sees light bond sales as investors receive a wave of debt payments that they can reinvest.

"We will soon enter one of the strongest periods of technical strength for munis in any calendar year," Nuveen said in a note last week.

Bloomberg Markets

By Amanda Albright

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— With assistance by Joseph Mysak Jr

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