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Puerto Rico's Looming Bankruptcy Exit Set to Soothe Island's Turbulent Muni Debt.

- **G.O. bond trades at 90 cents after falling to 21 cents in 2017**
- **Judge may rule as soon as this month on Puerto Rico debt plan**

Puerto Rico's anticipated exit from bankruptcy is pushing up prices on one of the most actively-traded securities in the \$4 trillion municipal-bond market — a commonwealth 8% coupon general obligation bond — with the momentum poised to continue after a debt restructuring.

The commonwealth is inching closer to resolving its more than four-year bankruptcy, which will slash \$22 billion of bonds down to \$7.4 billion through a debt exchange and enable the commonwealth to begin repaying bondholders again as soon as this year.

While longtime investors who bought Puerto Rico securities at full value will experience losses on their holdings, other buyers who scooped up the debt at distressed levels are poised to see gains. Post-restructuring, investors would benefit from the island's improved balance sheet.

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