The Crazy Junk-Muni Market Makes More Sense Than Ever.

There will always be risky projects looking for money, but today's investors are better equipped to handle losses.

When I hear complaints about some of the riskier municipal bond deals in the market today, I think back to my "map talk" in 1999.

I was the lunchtime speaker at the National Federation of Municipal Analysts advanced seminar on high-yield bonds in Santa Monica, Calif. Without any props or projections, I took the roomful of bankers, analysts, and investors on a virtual tour of many of the interesting—even fabulous—transactions I'd written about in *Grant's Municipal Bond Observer* over the previous few years.

We visited a de-inker (which recycles old newspaper into new rolls of paper) in Massachusetts and a 1938 vintage aquarium in Florida. We stopped in Alabama to see VisionLand, a water theme park showcasing the history of Birmingham's steel-smelting business, then took a side trip to a nearby recycler of dead poultry (the backers used the term "broiler mortality") into chicken feed. Then we went to a museum, the Great Platte River Road Memorial Archway, which the backers expected "virtually every Nebraska resident [to] eventually visit in his or her lifetime." We saw a series of golf course housing developments in the California desert. And much more.

Continue reading.

Bloomberg Markets

by Joe Mysak

September 30, 2022