

Bond Case Briefs

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Muni Bonds Are Back In Fashion.

Finally, yields on municipal bonds have meaning. Considering all the interest rate hikes, it took time for munis to catch fire. The heat feels good.

Just as the Treasury market has an inverted yield curve, so do munis. Municipal bond yields as a percentage of similarly maturing Treasurys are rich. Currently, there are no bargains to be had. But wait until September when the new issue market takes off.

Few Muni Defaults

Muni default rates continue to be much lower than corporate bonds. Yes, we have seen some municipal bond defaults at a few small private colleges along with some small and medium size hospitals, crushed by post-Covid-19 overhead costs. Add to the short default list some sports-related centers. Nevertheless, the municipal bond market is solid with an overall low default rate.

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Forbes

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