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[Bond Investors Largely Ignore NYC's \\$7 Billion Deficit.](#)

- **Demand is high for bonds that yield more than 3% tax free**
- **NYC GO bonds and AAA-rated muni debt spread will likely widen**

Bond investors have piled into New York City's tax-exempt bonds, lured by their relatively high yields.

To Evercore Wealth Management's Howard Cure, the risk of holding city debt outweighs the reward.

He points to the city's looming \$7 billion budget deficit, exacerbated in part by spiraling costs of sheltering asylum seekers and other migrants that have sought refuge in New York. Declining Wall Street profits and job cuts at major investment banks will put pressure on city tax revenue, dimming New York's fiscal outlook. That suggests the city's general obligation bonds aren't particularly attractive at current valuations.

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