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Disaster Aid Seen Easing Risk to Los Angeles Area Muni Bonds.

The devastating wildfires in Los Angeles are unlikely to have an impact on the bonds of local governments as US officials promise financial support from the Federal Emergency Management Agency, according to a report from FHN Financial.

“While the personal losses and community impacts are unimaginable, so far we expect municipal bondholders will be spared from the same magnitude of damages,” FHN’s Abigail Urtz said in a report.

The influx of aid and insurance payments has historically prevented natural disasters from driving local governments to default on their debt even in cases where the damage has been significant. That appears to be likely again, with the Biden administration issuing a disaster declaration that will allow for FEMA funding to be disbursed.

Continue reading.

Bloomberg Markets

By Amanda Albright and Maxwell Adler

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