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## **Pristine Taxable Munis Seen Gaining After Moody's US Rating Cut.**

High-quality taxable municipal bonds are poised to get a boost as the downgrade of the US government by Moody's Ratings will leave investors looking elsewhere for pristine credits, according to Barclays Plc.

The US was stripped of its last top credit rating by Moody's last week on concern about the country's declining fiscal outlook. The federal budget deficit is running near \$2 trillion a year, or more than 6% of gross domestic product. Most US states and cities are required to maintain a balanced spending plan.

Municipalities "are more fiscally constrained in their actions as they are often mandated to maintain balanced budgets, and the loss of the US triple-A rating might be a gain for AAA-rated municipalities, as demand for AAA bonds might increase going forward," strategists at Barclays wrote in a research note published Friday.

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### **Bloomberg Markets**

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