

# BondBuyer – Dislocations in trading, pricing remain in municipal market

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## Dislocations in trading, pricing remain in municipal market

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Apr 30, 2020



The municipal secondary was steady according to AAA benchmarks but several trades pointed to dislocations on several high-grade names.

Market participants indicated the dislocations were likely attributable to month-end accounting issues.

There still was a relatively quiet tone in the market Thursday (Apr 30, 2020) spurred by a range of technical issues, from month-end accounting and financing to spread widening, price volatility and the COVID-19 impact on businesses and the economy, sources said.

“It’s a day with scales unchanged, but certainly a wariness in the muni markets,” John R. Mousseau, president and chief executive officer and director of fixed income at Cumberland Advisors, said Thursday afternoon.

“There’s clearly a hangover from Mitch McConnell’s statement

from last week,” he added, pointing to the U.S. Senate Majority Leader’s comments on April 22 that cash-strapped states impacted by COVID-19 declare bankruptcy.

“The big question is do we ramp back to 95% economic activity pre-crisis – which is still a recession – or to 80% of pre-crisis, which is near Depression levels,” Mousseau said.

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