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by Barry Ritholtz – April 13, 2020

(Bloomberg Opinion) — In an extraordinary attempt to help the economy in the midst of the coronavirus economic downturn, the Federal Reserve's balance sheet has ballooned to more than $6 trillion.

How this has affected fixed-income pricing, yield, risk and even trading is the subject of this week's Masters in Business interview with John R. Mousseau, president, chief executive officer and director of fixed income at Cumberland Advisors. Mousseau also is the co-author of the book "Adventures in Muniland: A Guide to Municipal Bond Investing in the Post-Crisis Era."

He notes the current slump is very different from the 2008-09 financial crisis. That event was driven by credit deterioration and mortgage defaults. Things only came to a head only after defaults soared and bond markets developed liquidity problems after the collapse of Lehman Brothers. In the fixed-income world today, the coronavirus pandemic is characterized mostly by economic paralysis, but so far not mass defaults.

Full story at Yahoo Finance: https://finance.yahoo.com/news/lots-muni-bonds-going-just-153254865.html