

Puerto Rico Got Away With It

These bonds are CUSIP 74514LE86. The bonds are Puerto Rico Commonwealth Series A maturing July 1, 2035. Take a deep breath. Those are 20 year bonds. The Commonwealth unloaded \$3.5 billion of these with a hefty 8 percent coupon according to EMMA. But, as we all know, a bond is nothing more than a promise to make one or more future payments on specified dates. The quality of that promise is reflected in the yield to maturity, not the coupon yield.