We study trading and prices in newly issued municipal bonds. Municipal, which trade in decentralized, broker-dealer markets, are underpriced when issued, but unlike equities the average price rises slowly over a period of several days. We document high levels of price dispersion in newly issued bonds, and show that the average drift upward in price is because of changes in the mix of trades over time. While large trades occur close to the reoffering price, and close to each other, small trades occur at a wide range of prices almost simultaneously. Some small investors appear to be informed about the status of the issue, and trade on attractive terms. Others appear uninformed, and often buy at prices as much as five percent above the reoffering price, at which informed traders buy. We estimate a mixed-distribution model that highlights ex-ante characteristics that discriminate between these types of investors, and quantifies the losses uninformed traders or issuers give up to broker dealers.