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Muni Bond Sales Surge With Debt Met by Eager Investor Demand.

- **Monthly visible supply for muni bonds stands at $16.1 billion**
- **Market benchmark has returned about 0.22% so far this year**

Municipal bond sales are surging at the fastest clip in weeks as issuers focus on the prospect of lower borrowing costs amid growing expectations that the Federal Reserve will start cutting interest rates as soon as September.

US states and local governments are expected to sell $16.1 billion of debt over the next 30 days, a number that represents a fraction of what may actually come to market because deals are typically announced with less than a month’s notice. That figure, which sums the forward-looking calendar, shows the quickest pace of new offerings since early June and roughly 68% more than the 12-month average, according to data compiled by Bloomberg.

The supply uptick is a result of a slew of factors, including cities’ need to finance new infrastructure and a higher cost of construction for projects, said Matthew Caggiano, co-head of municipal bond strategy at DWS Investment Management. Issuers have also been rushing to refinance Build America Bonds with tax-exempt debt, which has boosted new deals.

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