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## [S&P Tender Option Bond Update Q1 2025: What Tariffs Mean For Muni Securitization](#)

Tender option bond (TOB) issuance rose in the first-quarter 2025 as supply pressures, fund outflows, and macroeconomic uncertainty lifted long-dated municipal bond yields. This uncertainty was further exacerbated as markets responded to the universal tariffs announced by the Trump administration on April 2, 2025.

We rated approximately \$3.0 billion in TOB issuance across 167 trusts in first-quarter 2025, up from \$2.2 billion in fourth-quarter 2024 and \$1.1 billion in first-quarter 2024. Nearly half of this activity took place in March when yields confidently moved above 4% (see chart 1). At the same time, approximately \$1.45 billion in TOB issuance was paid down, representing a \$1.55 billion net increase in TOBs outstanding.

S&P Global Ratings believes there is a high degree of unpredictability around policy implementation by the U.S. administration and possible responses—specifically with regard to tariffs—and the potential effect on economies, supply chains, and credit conditions around the world. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential and actual policy shifts and reassess our guidance accordingly (see our research here: [spglobal.com/ratings](https://spglobal.com/ratings)).

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