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[Trump Funding Risks Put Muni Market Investors on Alert.](#)

Takeaways by Bloomberg AI

- The Trump administration has frozen or plans to redirect billions of dollars in funding for infrastructure and other projects in cities like New York City and Chicago, and states like California.
- Municipal investors are watching for signs of erosion of credit quality and potential hits to specific states or cities, but the municipal market has held up so far.
- Investors expect a bifurcation of performance in municipals, with investment grade names benefiting from potential rate rallies, but lower-rated names facing challenges due to headline risk and uncertainty about federal funding.

The steady drum beat of federal funding threats totaling billions of dollars is renewing municipal investors' qualms about lower-rated state and local borrowers.

President Donald Trump's administration has frozen \$18 billion in infrastructure dollars for New York City and another \$2.1 billion for rail projects in Chicago, viewed as a bid to use the government shutdown to punish political opponents. His administration said in September it plans to redirect \$2.4 billion intended for transit in California to other projects. Earlier this year, his administration temporarily stalled billions in education funding intended for schools nationwide.

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Bloomberg Markets

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