

# **Bond Case Briefs**

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## **Covid-19 Pandemic Drives Municipal Borrowing to 10-Year High.**

### **Low interest rates, tight government budgets provide backdrop for muni bond boom**

Municipal-bond issuance in 2020 was the highest in a decade, reflecting the collapse of interest rates and the increased costs cities and state governments are facing from Covid-19 shutdowns.

Bonds for new projects reached \$252 billion last year, according to Refinitiv, a small increase from the previous year and the highest since 2010, when a federal incentive program helped push the total above \$270 billion. The new borrowing drove the total amount of outstanding muni debt above \$3.9 trillion for the first time since 2013, according to the Federal Reserve data from the third quarter.

The muni-issuance boom is unlikely to abate as cash-strapped local governments struggle to make up for ongoing Covid-19-related shortfalls and pay back old debts. Before the pandemic, many city and state governments had already been operating on tight budgets.

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### **The Wall Street Journal**

By Heather Gillers

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