

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **Hawkish Fed Is Top Muni Concern in 2022, Hilltop Survey Shows.**

- **42% of analysts focus on impact of central bank's strategy**
- **Public finance rating upgrades likely to outpace downgrades**

The Federal Reserve's pace of action is the top issue concerning municipal bond analysts for 2022, according to a survey published Monday by Hilltop Securities.

Among the 130 analysts surveyed, 42% say the Fed is the most important issue or trend influencing the market. Munis have been hit hard by a broader selloff, spurred in part by the Fed's tightening monetary policy to combat inflation.

Other notable trends include 33% who cited demographic shifts in the U.S., political divisiveness at 31%, public pensions at 30% and Russia's invasion of Ukraine at 28%. The pandemic was cited by fewer than one out of four respondents.

Municipal bonds have lost about 7% this year, according to Bloomberg indexes, in a rare pullback for an asset class typically known for its stability.

Most of the analysts surveyed said that remote work will impact public finance in the medium to long term. About 54% of those surveyed also expect that rating upgrades in the public finance sector will significantly outpace downgrades.

### **Bloomberg Markets**

By Skylar Woodhouse

April 11, 2022