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JPMorgan Lifts 2025 Muni-Bond Sales Forecast to $560 Billion.

- JPMorgan Chase & Co. raised its forecast for 2025 municipal bond issuance by 14% to $560 billion, with $510 billion expected to be tax-exempt.
- States and local governments sold $20 billion of debt last week, the most since the end of 2017, driven by pandemic-era stimulus aid waning and inflation driving up project costs.
- JPMorgan strategists expect a slowdown in certain sectors, such as higher education, airport, and health care, assuming the GOP’s reconciliation bill continues to leave the tax-exemption off the list of budget cuts.

JPMorgan Chase & Co. raised its forecast for 2025 municipal bond issuance by 14% as state and local governments step up borrowing efforts.

The bank’s muni strategists led by Peter DeGroot lifted their full-year issuance prediction to $560 billion from $490 billion, according to a research report published Friday. Almost all of the sales, $510 billion, is expected to be tax-exempt — up from an earlier projection of $450 billion and about 30% higher than the trailing five-year average.

The revision comes “in advance of potential policy limiting the authorization to issue tax-exempts in certain sectors of the market, pent up need for capital, and the cumulative impact of inflation on funding needs across the market,” the strategists wrote in the report. JPMorgan is the third-largest underwriter of muni bonds so far this year, according to data compiled by Bloomberg.

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