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[Chicago's Fiscal Crossroads: Navigating Political Turbulence and Bond Risks](#)

Aime Summary

- Chicago's 2025 municipal bond ratings are split among agencies, with Moody's at Baa3 (positive) and S&P at BBB, highlighting fiscal uncertainty.
- Political instability and failed policies, including a rejected tax hike, eroded trust and raised borrowing costs post-S&P downgrade.
- Despite falling homicides, crime perception gaps and unresolved pension disputes persist, complicating budget stability and investor confidence.
- Investors face a dilemma: balancing Chicago's innovation-driven growth potential against structural risks like underfunded pensions and political fragmentation.
- Strategic advice emphasizes diversification, monitoring fiscal reforms, and assessing federal policy shifts that could amplify borrowing costs.

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