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Hospital Munis Lag as Trump's Funding Cuts Spark Investor Angst.

Takeaways by Bloomberg AI

- Bond investors are wary of debt sold by US hospitals due to looming cuts to federal health-care funding.
- Hospital debt is one of the worst-performing municipal-bond market sectors, with its gain lagging the overall investment-grade basket.
- Despite policy risks, analysts say hospital balance sheets look stronger than they have in years, and investment-grade facilities are poised to adjust their balance sheets and diversify revenue streams.

Bond investors have been increasingly wary of debt sold by US hospitals, and they see looming cuts to federal health-care funding as new pain points for an industry that's just starting to recover from pandemic stress.

Hospital debt is one of the worst-performing municipal-bond market sectors so far this year, with its 3.44% gain lagging the overall investment-grade basket by about 0.6 percentage point, according to data compiled by Bloomberg.

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Bloomberg Markets

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