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Municipal Bond Sales Cross \$500 Billion Mark at Record Pace.

US states and local governments are selling debt at a record clip, borrowing more than \$500 billion so far this year as the need for infrastructure and airport upgrades mounts.

Municipal bond issuance is up almost 6% from the same period last year and is on pace to top \$600 billion by year-end, according to data compiled by Bloomberg. In 2025, bond sales crossed the threshold in early November.

Munis Surpass \$500 Billion

The market has seen a record-setting pace of issuance in 2026

Despite higher interest rates, borrowers have to proceed with deals to finance “capital projects that need to get funded,” said Eric Kazatsky, client portfolio manager at MacKay Municipal Managers.

That influx of bond sales will be well received given munis’ recent returns, according to Kazatsky.

The Bloomberg Municipal Bond Index is up 2.8% so far this month through Thursday, on track for the best October in at least 30 years and the first month of positive performance since June.

Bloomberg Markets

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October 23, 2026

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