Fitch: U.S. Tax and Spending Bill Poses Long-Term Challenges to State Budgets

Fitch Ratings-New York-31 July 2025: Federal spending cuts to Medicaid and the Supplemental Nutrition Assistance Program (SNAP) under the U.S. tax and spending bill will add budgetary pressure for states, offset by long implementation timelines, reduced enrollment and muted direct effects, according to a new report from Fitch Ratings.

Gradual implementation of spending cuts under the bill as well as states' broad fiscal powers support their ability make budget adjustments, but a weaker economic backdrop could constrain flexibility. In Fitch's view states are unlikely to significantly backfill federal reductions with their own funds, at least in the next 1-2 years.

Fitch's analysis of the Congressional Budget Office (CBO) estimates indicates that Medicaid savings are primarily achieved through measures reducing enrollment, which lower federal and state Medicaid spending. Implementation costs partially offset savings.

The largest direct effects on state budgets will be from SNAP cost-sharing requirements and limits on Medicaid provider taxes, which will lower reimbursements for healthcare providers and reduce federal matching funds for states. We estimate direct costs will be modest relative to state budgets, ranging from $49.4 billion to $275.1 billion for Medicaid, depending on state-specific provider tax provisions.

States are required to assume some SNAP benefit costs based on their SNAP error rate and increase their administrative cost contribution. The CBO estimates the bill would shift $9 billion to states in federal FY 2028, representing 8% of projected federal SNAP spending that year and 0.6% of fiscal 2024 state tax revenues.

Federal tax changes in the bill could also affect state tax revenues depending on states' conformity with federal tax code changes. The impact will vary by state and tax type, with some states potentially decoupling from federal tax provisions with significant revenue effects.

A separate provision on health insurance tax credits will specifically affect New York, requiring a more aggressive fiscal response. The complexity of the bill suggests other states may also face unique challenges.

Financial Imbalance: U.S. Cities Grappling with Imminent Fiscal Danger.

U.S. Current-Account Deficit Widens to $450 Billion Amid Trade Imbalances and Energy Imports, Photo by Financial Content, is licensed under CC BY-SA 2.0

The fiscal health of America’s most populated cities is under intense scrutiny, with a recent study shedding light on widespread financial vulnerabilities that could signal an imminent crisis for several key urban centers. Conducted by Truth in Accounting, the ‘Financial State of the Cities 2023’ report rigorously examined the tax surpluses and burdens of 75 major U.S. cities, painting a sobering picture of municipal finance. This comprehensive analysis, which defines a city’s tax surplus as total tax revenues divided by residents and a tax burden as the amount needed to clear state debt per resident, revealed critical insights into the underlying economic pressures facing communities nationwide.

Alarmingly, the study found that 50 out of the 75 cities evaluated were unable to pay their bills, accumulating a staggering combined debt of $267 billion. These municipalities, labeled ‘sinkhole’ cities, stand in stark contrast to ‘sunshine’ cities that manage to balance their books. A key concern highlighted by Truth in Accounting is the tendency of elected officials to exclude the true cost of government from current budgets, effectively deferring substantial financial obligations onto future generations of taxpayers. This practice contributes significantly to mounting debt, particularly stemming from underfunded pension obligations and retiree health benefits, which Sheila Weinberg, the group’s founder and CEO, believes is a widespread national issue.

Continue reading.

msn.com

by Mia Harris

July 28, 2025

[Federal Budget Bill Could Alter State and Local IT Priorities.]

An analysis of the One Big Beautiful Bill Act finds that state and local governments will likely need to focus on compliance and innovation to meet the new mandates, many of them unfunded.

The passage of the One Big Beautiful Bill Act (H.R. 1) could significantly alter state and local government IT spending plans as agencies respond to new and often unfunded compliance mandates, according to an e.Republic* analysis of the massive legislation.

The measure, passed by Congress in early July, cuts about $1 trillion in federal funding to state and local governments over the next 10 years, primarily through Medicaid program changes. It also implements new mandates for enhanced eligibility verification, recipient work requirements and state matching funds.

The analysis, prepared by e.Republic President Dustin Haisler and Chief Innovation Officer Joe Morris, says complying with these mandates will likely force states to invest in new technology to automate processes, detect fraud, improve data integration, track compliance and more.

Continue reading.

govtech.com

July 30, 2025 • Steve Towns

GFOA: Avoiding a Fiscal Cliff

Like many local governments, the County of San Diego Assessor / Recorder / County Clerk's Office faced mounting financial pressure due to rising costs, staffing challenges, and declining revenue from real estate transaction fees. What could have been a fiscal crisis became an opportunity for transformation.

In this *Government Finance Review* article, learn how the office responded with strategic changes that turned short-term strain into long-term improvement.

Read more

S&P U.S. Public Finance Annual Reviews Processed.

This publication does not constitute a rating action.

S&P Global Ratings has performed annual reviews of the credit ratings of the issuers/issues listed below.

In an annual review, S&P Global Ratings reviews current credit ratings against the latest issuers/issues performance data as well as any recent market developments. Annual reviews may, depending on their outcome, result in a referral of a credit rating for a committee review, which may result in a credit rating action. The below list is not an indication of whether or not a credit rating action is likely in the near future.

The key elements underlying the credit rating can be found in the issuer's latest related publication, which can be accessed by clicking on links below. Additionally, for each issuers/issues listed below, S&P Global Rating's regulatory disclosures (PCRs) can be accessed on the relevant page on www.spglobal.com/ratings by clicking on Regulatory Disclosures underneath the current credit ratings.

Continue reading.

05-Aug-2025 | 07:00 EDT

Brookings: Measuring the Impact of Climate Change on State and Local Governments' Fiscal Health

The increasing frequency and severity of weather events caused by climate change is affecting municipal bond markets and state and local finances. Four papers presented at the 14th Annual Municipal Finance Conference, co-hosted by the Hutchins Center on Fiscal and Monetary Policy in July 2025, detailed the consequences of wildfires, floods, and the transition away from coal. We summarize those four papers below.

With wildfire property damage reaching record levels, and the risk associated with such events projected to grow over time, quantifying the economic impact of wildfires is increasingly important.

Woongchan Jeon, Lint Barrage, and Kieran James Walsh analyze the effect of rising wildfire risk on U.S. bond markets. They find that a one standard deviation increase in future wildfire risk leads to a 14 basis point increase in school district bond spreads, reflecting higher borrowing costs for local governments as a result of climate change. These effects are larger in districts with a higher minority population, as well as in districts that are relatively more dependent on local revenue for funding public services. The authors suggest that increased wildfire risk and the resulting rise in borrowing costs could reduce municipalities' future fiscal space, which in turn could further increase borrowing costs in the most vulnerable communities.

Continue reading.

The Brookings Institution

by Andrew Rosin

August 1, 2025

Some New US Municipal Bonds Face High Climate Risk.

What's going on here?

A wave of new US municipal bonds hit the market this week carrying serious climate and flood risks, with ICE Climate Data highlighting standout offerings from Texas, Oregon, Maine, and Louisiana well above the typical risk threshold.

What does this mean?

Municipal bonds are a longtime favorite for investors looking to back community projects, but environmental risks are climbing higher on the checklist. ICE flagged several new bonds with "high" risk scores—anything above 3.0 on its 5-point scale—measured across hazards like flooding, wildfires, and hurricanes. Brazos County MUD No. 1 in Texas, for example, launched a $15 million issue with a flood risk score of 4.2, while Oregon's Lincoln County School District and Maine's Portland Water District clocked in at 3.9 and 3.6 respectively. Both St. Tammany Parish in Louisiana and La Porte in Texas landed at 3.7 for overall total climate risk. While these assessments aren't formal credit ratings, they give a snapshot of how exposure to physical climate threats could affect long-term resilience—and remind investors to look beyond the surface when sizing up safety.

Why should I care?

For markets: *Climate risk is factored in now.*

With more granular climate data in play, investors and agencies are taking a harder look at the longer-term sustainability of muni bonds. Unpredictable weather can strain local infrastructure and tax revenues, which in turn could put pressure on repayment and yields. As physical risk scoring becomes a market fixture, investors may demand extra transparency—or price riskier bonds differently—to stay ahead of mounting climate threats.

The bigger picture: Climate trends are reshaping local finance.

Because municipal bonds support vital services, spotting high climate risk in these new offerings is a wake-up call for cities and towns. Better hazard modeling means regional climate exposures are tough to ignore, forcing local governments to plan around adaptation and resilience. That could mean new standards for transparency and risk reporting as communities navigate the next generation of public financing.

finimize.com

[The Municipal Cost Index is Now on Smart Cities Dive. Here's What You Need to Know.]

Since 1978, American City & County's proprietary tool has helped local governments determine the cost of providing services to their residents.

Budgeting is one of the most important roles of government operations. Estimating the amount of money a government will need in the future can be challenging, however, when inflation and other market factors can be unpredictable. It's vital for public officials and their staffs to have tools at the local level to help estimate future costs.

The [Municipal Cost Index] is one such tool. First published by American City & County in September 1978, the MCI was designed to determine the rate of inflation of municipal costs, i.e., the cost of providing services to city and county residents. Its inputs are the monthly consumer price index, produced by the U.S. Bureau of Labor Statistics; the producer price index, produced by the U.S. Department of Commerce; and the construction cost index, published by the Engineering News-Record.

Each of those figures is given a proprietary weight to reflect the composition of local government purchases in the base year, initially established as 1967. In April 1988, the base year was updated to 1982. It is a fixed-weighted type of index, reflecting only changes in price over specific periods of time at the national level.

[Continue reading.]

smartcitiesdive.com

by Michelle Havich

Published July 28, 2025

[Systemic Governance Risk in U.S. Law Enforcement: A Hidden Threat to Investor Confidence and Asset Valuations]

Overview

– Systemic governance risks in U.S. law enforcement now directly impact municipal credit ratings and investor confidence through racial bias and political dynamics.

– Cities with larger Black populations or liberal governance face harsher fiscal scrutiny, driving up borrowing costs and straining budgets under police reform mandates.

– Phoenix and Minneapolis exemplify fiscal strain from consent decrees, while Albuquerque and New Orleans demonstrate how reform compliance preserves credit ratings and reduces risk.

– Investors must prioritize governance transparency, equitable revenue models, and fiscal discipline to mitigate systemic risks in municipal bonds and law enforcement-linked assets.

Continue reading.

aiinvest.com

by Samuel Reed

Sunday, Jul 27, 2025 3:15 pm ET

Municipal Bonds Rally as Investors Bet on Earlier Fed Rate Cut.

Municipal bonds are rallying on Friday, along with US Treasuries, after softer US jobs data spurred bets that the Federal Reserve will cut interest rates as early as next month.

State and local government bond yields are down as much as six basis points as of 3 p.m. New York time. Ten-year benchmark bonds are yielding 3.18%, dropping six basis points, according to data compiled by Bloomberg. That would mark the biggest one-day rally in nearly three months.

“The 5% absolute yield that was available for high quality munis is somewhat of a magical level and attracts buyers,” said Lyle Fitterer, co-lead of Baird’s municipal sector. “Combine that with the rally in Treasuries and it has created good performance in our market this week.”

Continue reading.

Bloomberg Markets

By Aashna Shah

August 1, 2025

Municipal Bond Opportunities Amid a Cooling Housing Market.

Overview

– U.S. housing market cooling drives investors toward municipal bonds and securitized credit for capital preservation amid high mortgage rates and shifting supply dynamics.

– Multifamily sectors gain traction due to 94.5% occupancy, stable cash flows, and conservative leverage, contrasting with residential market challenges.

– Tightened underwriting and CMBS/CLO innovations enhance risk alignment, while OBBBA tax advantages boost demand for high-tax state munis.

– Strategic credit selection and 3-5 year duration positioning optimize yield-risk balance as rate cuts loom in H2 2025.

[Continue reading.]()

aiinvest.com

by Charles Hayes

Tuesday, Jul 29, 2025 6:26 am ET

Franklin Templeton Flash Insights: From Surplus to Shortfall - The Balance of State Budgeting

State governments are navigating budget season amid economic uncertainties and evolving federal policies, balancing slower revenue growth with rising costs, according to Jennifer Johnston, Director of Municipal Bond Research, Franklin Templeton Fixed Income. Despite challenges, she believes states maintain strong financial positions and can use various tools to manage budget gaps effectively.

Continue reading.

Franklin Templeton

July 28, 2025

AllianceBernstein to Convert Bond, Muni Mutual Funds to New ETFs.

Overview

- AllianceBernstein LP plans to convert three of its fixed-income mutual funds into exchange-traded funds, according to a filing with the US Securities and Exchange Commission.
- The new ETFs will include two municipal-bond funds, the AB California Intermediate Municipal ETF and the AB New York Intermediate Municipal ETF, and the AB Core Bond ETF, which will invest in corporate bonds, US government debt and agency securities.
- Dora Lee, director of research for Belle Haven Investments, said “ETFs have the advantage of being the cool kid on the block right now”, and Pat Luby, senior municipal strategist at CreditSights Inc, noted that ETFs provide an easy mechanism for investors to invest in munis.

Continue reading.

Bloomberg Markets

By Maxwell Adler and Amanda Albright

July 29, 2025

[Strategic Allocation to High-Impact, Climate-Resilient Municipal Green Bonds: A Tax-Advantaged Path to ESG Alignment in the Post-ESG Correction Era]

Overview

– Post-ESG correction era sees $2.9T municipal green bond market mature via regulatory standards, greenium premiums, and policy-driven climate-aligned financing.

– Tax advantages make municipal green bonds (4% yield) highly competitive for high-income investors, with 5.9% taxable-equivalent yield in 32% tax brackets.

– Strategic allocation prioritizes CBI/ICMA-certified projects in renewable energy and transit, offering 0.8% liquidity premium and 15-20% faster ROI than conventional bonds.

– Regulatory fragmentation and EU CSRD simplifications create compliance risks, but third-party certifications and issuer transparency mitigate greenwashing concerns.

– Dual-strategy investors balance U.S. tax-advantaged munis with EU-certified bonds, leveraging rate-cut expectations and climate-resilient infrastructure for ESG-aligned returns.

Continue reading.

aiinvest.com

by Marcus Lee

Wednesday, Jul 30, 2025

A Troubled High-Speed Rail Project Creates Problems for Some National Muni Funds.

A recent deferred interest payment has sent bond prices tumbling.

High-speed passenger rail system Brightline's mid-July decision to defer interest payments on a portion of its debt sent a ripple effect through the high-yield municipal-bond market. Since then, the largest owners of the debt have suffered steep losses.

The episode has been another bump in what has been a rocky year for municipal-bond funds and shows that an asset class often regarded as sleepy can sometimes jolt investors awake.

Brightline's Background

Brightline Florida, a significant issuer in the high-yield muni market, has evolved since first launching a private passenger US rail service in 2018. Most notably, it launched a 235-mile connecting route between Miami and Orlando in 2023. While the company aspires to extend its services to Tampa, its debt-management challenges have dominated recent headlines. Lower-tha--anticipated ridership and revenue have been headwinds.

[Continue reading.](#)

morningstar.com

by Max Curtin

Aug 1, 2025

[Case for Accelerating Municipal Bond Exposure in Light of Fed Rate Cut Expectations.](#)

Overview

– Fed’s 2025 rate cuts signal shifting municipal bond dynamics, with supply/demand alignment creating strategic opportunities.

– 2025 issuance up 16% YoY as borrowers hedge rate volatility, while steep yield curves boost long-duration yields by 24bps.

– Tax-exempt municipals outperform corporates by 51bps, with SMA programs driving demand for 1-15 year high-quality bonds.

– Strategic opportunities include long-duration investment-grade bonds, high-yield short-duration positions, and flexible TOBs.

– Immediate action recommended as favorable yield curves and policy shifts narrow the window for tax-efficient income generation.

[Continue reading.](#)

ainvest.com

by Victor Hale

Saturday, Aug 2, 2025 2:43 am ET

[Fitch: Resilience Tested as State Support Peaks for U.S. College and University Medians](#)

Fitch Ratings-New York/Chicago-24 July 2025: Fiscal 2024 medians for U.S. public colleges and universities reveal increasing financial strain, according to a new report by Fitch Ratings. The sector faces declining student fee revenue, rising tuition discounting, and a recent high in median reliance on state appropriations.

Fitch notes in its latest report that while “public U.S. college and university medians were largely stable in fiscal 2024, signs of strain are showing across key revenue sources, with increases in discount rates outpacing net tuition and fee gains and federal funding flattening out.”. State appropriations provided a critical buffer, rising to a decade high of 27% of median total revenue in

2024, but this dependence highlights an elevated vulnerability to state and federal policy shifts.

Median tuition discounting climbed to 33.4% in 2024, another recent high, underscoring the growing need for financial aid to attract or retain students. Meanwhile, capital spending increased for a third consecutive year, yet the average age of plant also rose to 13.7 years, signaling ongoing deferred investment.

Looking ahead, Fitch's outlook is negative as core median metrics—while still resilient—are under mounting pressure. Senior Director Emily Wadhwani notes, "Fundamental credit factors are increasingly challenged on various fronts, with federal funding and other policy changes compounding stresses from ongoing demographic and expense management pressures." With revenue growth likely to remain modest and margin compression expected to escalate, the sector's financial flexibility will be tested in the coming year.

Fitch Fiscal 2024 Median Ratios for U.S. Public Colleges and Universities.

Public U.S. college and university medians were largely stable in fiscal 2024, but signs of strain are showing across key revenue sources, with increases in discount rates outpacing net tuition and fee gains and federal funding flattening out. Fitch Ratings' outlook on the credit environment for the U.S. Public Finance Higher Education sector is deteriorating in 2025 relative to 2024.

Access Report

Thu 24 Jul, 2025 – 2:07 PM ET

Moving On Down the Road: Rethinking Toll Roads and Managed Lane Projects: Nixon Peabody

This article was first published on IPFA.org

I recently participated in an IPFA panel discussion, which brought together leaders from across the transportation infrastructure ecosystem to explore the evolving landscape of public-private partnerships (P3s) toll roads and managed lanes.

Duane Callender, Director of the Credit Programs Office at USDOT's Build America Bureau (BAB) provided a virtual keynote focusing on the vital role of TIFIA in supporting the toll road and managed lane sector. Director Callender emphasized how the BAB is responding to this ever-evolving sector so to as to meet the needs of TIFIA applicants. The director noted that BAB's application and due diligence procedures are adjusted and revised as the projects it finances change and evolve.

Key takeaways from the panelists included:

1. Managed lanes are maturing

Managed lanes are no longer niche or experimental. The US market has seen strong performance across many operational managed lanes projects, with revenue consistently outperforming even aggressive projections, demonstrating user acceptance, traffic durability, and long-term financial viability. These assets are now seen as dependable infrastructure investments—validated by positive credit ratings, secondary market refinancings, and growing investor interest.

Continue reading.

By Roderick Devlin

July 21, 2025

Nixon Peabody

Spaceport Projects Can Now Be Financed With Tax-Exempt Bonds: Nixon Peabody

Discover how new tax-exempt bonds for spaceport projects under the OBBB open financing opportunities, treating spaceports like airports.

Since the 2024 elections, the tax-exempt bond market feared that Congress would cut back on tax-exempt bonds to pay for the extensions of the tax benefits in the 2017 Tax Cuts and Jobs Act. Now that Congress has enacted Public Law 119-21, referred to in the press as the One Big Beautiful Bill (OBBB), the industry has actually gained ground.

One interesting provision in the OBBB allows tax-exempt private activity bonds (PABs) for "spaceports." How does the new statute work? And will people actually do these deals?

Expansion of tax-exempt bonds to spaceports

The OBBB authorizes tax-exempt PABs for "spaceport" projects. A spaceport is any facility (including buildings, structures, equipment, etc.) located near a "launch site or a reentry site" if the facility serves the following specific functions:

Continue reading.

Nixon Peabody

By John Hutchinson

July 25, 2025

There's a New Role for CFOs: Babysitting AI - GFOA

In this perspective piece from the latest issue of Government Finance Review, Justin Marlowe from the University of Chicago Harris School of Public Policy writes that if we're going to count on AI to produce accurate, reliable information on local government operations, someone must ensure that the data we feed into it is accurate and reliable.

Read more

Nuveen Sees Opportunity In Water Munis.

Nuveen is touting water utility municipal bonds as an investment opportunity, projecting that water infrastructure will require an investment of about $1.2 trillion over the next 20 years.

Federal spending cuts will puts more pressure on local municipalities to borrow money to fund the projects, according to Margot Kleinman, head of research for Nuveen Municipals and co-author of a new white paper on the topic.

“Of course if you have less money coming from the federal government, or from the states directly to these water utilities … those utilities will likely need to borrow more money in the muni market,” she said in an interview.

The need for water in drought-prone areas of the West Coast will also add to the demand for more infrastructure, according to Kleinman.

Also, the Enviornmental Protection Agency (EPA) under the Biden administration limited the concentration of so-called PFAS (per- and polyfluoroalkyl substances, also known as “forever chemicals”) in drinking water, impacting about 15% of U.S. utilities in the Midwest and Northeast, she wrote in the report.

Municipal bonds are enjoying historically high yields, with the Bloomberg Municipal Bond Index yielding around 4% on a yield-to-worst basis.

“If you think about the level of yield for such a safe sector, it’s really something that we believe can be an attractive place for investors to put their money to work right now,” she said. “Water and sewer credits are one of the quintessential muni bond sectors [and] are essential services and monopolistic providers.”

The securities also are resistant to market volatility, she said.

“Water bonds, which are a very safe segment of the muni market, are often elevated yields for a segment of the market where investors can have confidence that these credits are likely to remain stable, have low default rates, and are less likely than some other areas of the market to be impacted by the uncertain economic environment or tariffs,” she said.

Financial Advisor

July 22, 2025 • Edward Hayes

Infrastructure Spending and Municipal Bonds: Opportunities in U.S. Stadium Renovations

Summary

– U.S. cities are investing in stadiums as economic catalysts, funded by municipal bonds tied to public-private partnerships (PPPs).

– Bonds use diversified revenue streams (hotel taxes, sales taxes, PILOTs) and reserve funds to mitigate risks like team relocations or economic downturns.

– These investment-grade bonds offer tax advantages, stable yields (5.02% taxable-equivalent as of June 2025), and long-term infrastructure value beyond sports.

– Projects include roads and transit, aligning 30-year debt with urban growth, making them a low-volatility alternative to equities like Tesla.

Continue reading.

TrendPulse Finance

Wednesday, Jul 23, 2025 12:55 am ET

The Sanctuary City Showdown: How Legal Battles Reshape Municipal Credit and Urban Investment Opportunities

Overview

– Trump administration's lawsuits against sanctuary cities face legal setbacks, with courts affirming state sovereignty over immigration enforcement.

– Threats to withhold federal grants risk downgrading municipal credit ratings, increasing bond yields for cities like New York and Chicago.

– Sanctuary policies boost economic participation and real estate demand by fostering immigrant trust and stable communities.

– Investors are advised to overweight bonds and real estate in cities with diversified revenue streams and strong legal defenses.

– Sanctuary cities demonstrate fiscal resilience through lower crime rates and sustained growth in multifamily/industrial property sectors.

Continue reading.

aiinvest.com

by Wesley Park

Friday, Jul 25, 2025 6:32 pm ET

Munis Trail Treasuries by Most Since 2020 After Issuance Boom.

Takeaways

- The municipal-bond market is logging its worst performance relative to US government debt since the start of the pandemic, with state and local government debt losing about 1% this year.

- The lackluster performance is due to a mismatch in supply and demand, with municipal borrowing surging and a depletion of federal-stimulus aid.
- Vikram Rai, a portfolio manager at First New York, said "Performance is going to deteriorate even further" and expects supply to remain elevated, reaching as high as $600 billion by the end of 2025.

The municipal-bond market is logging its worst performance relative to US government debt since the start of the pandemic, as a burst of new bond sales pressures prices.

State and local government debt has lost about 1% this year, trailing the 3% gain on US Treasury securities by roughly 4 percentage points, according to data compiled by Bloomberg.

Continue reading.

Bloomberg Markets

By Aashna Shah and Elizabeth Rembert

July 25, 2025

Market Recalibration Ignites a Summer 2025 Municipal Bond Opportunity.

Ultra-Strong Case for Municipal Bonds Right Now

We are in one of the most attractive municipal bond buyer's markets in recent memory. A combination of recalibrating economic sentiment, rising yields, and favorable technicals has created a compelling entry point—especially for tax-sensitive investors.

Continue reading.

advisorhub.com

by Tom Kozlik, HilltopSecurities

July 22, 2025

Overlooked Bond Opportunity Amid Q2 Earnings Volatility.

Summary

– Q2 2025 global markets faced equity volatility from earnings surprises and U.S. tariff risks, driving fixed-income demand as a hedge.

– Duration-rich bond strategies (6.5–6.9 years) offset equity declines, leveraging negative correlation during inflation spikes and rate-cut expectations.

– High-yield bonds outperformed (3.57% gain) due to shorter durations and strong credit selection in sectors like MBS and utilities.

– Undervalued high-quality municipal bonds and long-duration Treasuries emerged as key opportunities for risk-rebalancing amid policy-driven uncertainty.

Continue reading.

aiinvest.com

by Samuel Reed

Thursday, Jul 24, 2025

Municipal Bonds: A Misunderstood Value Play Amid Supply Glut and Policy Uncertainty

Overview

– Municipal bond markets face 2025 turbulence from $281B issuance surge, policy risks, and a steepened yield curve (74bps in 8-13-year segment).

– Yield-to-worst at 3.96% (top 5% historically) and 30-year AAA municipals yielding 158% of Treasuries highlight sector undervaluation vs equities.

– Investors favor short-15 year duration and high-quality credits as ETF outflows (-$189M YTD) contrast with $17B fund inflows, signaling active management shift.

– Strategic entry points include 10-20 year duration extension (197bps yield pickup) and high-yield short-duration bonds (4.74% yield) amid expected Fed easing.

Continue reading.

aiinvest.com

by Cyrus Cole

Saturday, Jul 26, 2025 10:04 am ET

Muni Investors Brace for Hospital-Bond Pain From Medicaid Cuts.

Takeaways

- President Donald Trump's budget bill makes substantial cuts to Medicaid, which could push millions of Americans off their health insurance.
- Municipal Market Analytics lowered its outlook to negative for the hospital and health-care systems sector, citing expected pressure on operating margins from increased uncompensated care and reduced reimbursements.
- According to Chad Farrington, nursing homes that rely heavily on Medicaid will likely experience lost revenues, and many may be unable to continue operating due to already tight margins.

President Donald Trump's budget bill has municipal-bond investors bracing for mounting financial strains on hospitals and health-care systems amid estimates that the legislation could push millions of Americans off their health insurance.

Trump's $3.4 trillion tax and spending package makes substantial cuts to Medicaid, the public health-insurance program for low-income and disabled people. Republicans are also mulling deeper reductions to Medicaid in a follow-up bill.

Against that backdrop, Municipal Market Analytics lowered its outlook to negative from neutral for the sector. The segment encompasses about $290 billion in debt, data compiled by Bloomberg show. The research firm projects the cuts will likely pressure operating margins, including from the expected increase in uncompensated care for those who lose coverage and a cap on taxes that states use to defray Medicaid costs.

Continue reading.

Bloomberg Markets

By Sri Taylor

July 16, 2025

Barclays Sees Medicaid Reductions Hurting 15 States the Most.

Takeaways

- Louisiana, Nevada and California stand to be the most negatively impacted if Medicaid is reduced, according to Barclays Plc.
- States across the US could lose roughly $1 trillion in funding, resulting in 11.8 million Americans losing their health-care coverage, if Medicaid is cut.
- "States will have difficult decisions to make regarding both how much of the direct costs they will want to backfill and how much of the indirect costs they will potentially want to backstop," the strategists wrote.

President Donald Trump's budget bill that could deeply cut the nation's largest public health-insurance program stands to hurt some states more than others, according to Barclays Plc.

Louisiana, Nevada and California stand to be the most negatively impacted if Medicaid is reduced, based on funding losses as a percentage of yearly revenue loss and the number of Americans with chronic health conditions living there, municipal strategists Mikhail Foux, Francisco San Emeterio and Grace Cen said in a Thursday note.

Continue reading.

Bloomberg Markets

By Sri Taylor

July 17, 2025

US Airports Rush to Bond Market With $10 Billion of New Sales.

Takeaways

- Airports across the US have borrowed more than $10 billion from municipal-bond investors in the first six months of 2025, according to data compiled by Bloomberg.
- The debt influx stems from a boom in post-pandemic air travel coupled with higher infrastructure costs, said Jason Appleson, head of municipal bonds at PGIM Fixed Income.
- Investors have gobbled up the onslaught of muni sales, said Christopher Brigati, chief investment officer at SWBC Investment Services, who added that demand is generally there and people are looking for opportunities.

Surging construction costs and booming demand for flights are fueling a rush of debt sales from US airports.

Airports across the US have borrowed more than $10 billion from municipal-bond investors in the first six months of 2025, the largest first half since at least 1990, according to data compiled by Bloomberg. The surge marks a 51% increase over last year's volume and is outpacing the broader 20% uptick in state and local government bond sales, the data shows.

The debt influx stems from a boom in post-pandemic air travel coupled with higher infrastructure costs, said Jason Appleson, head of municipal bonds at PGIM Fixed Income. Inflation raised the expense of everything from materials to construction labor. "Higher costs means more bonds to issue," he said.

Continue reading.

Bloomberg Markets

By Aashna Shah

July 15, 2025

Cities Drive Most U.S. Economic Activity: Report

Metro-area economies' contributions to U.S. economic growth increased for the fifth consecutive year, according to the report released by the U.S. Conference of Mayors, but a S&P Global Market Intelligence representative noted economic headwinds ahead.

Cities account for 90.8% of the U.S. GDP, according to the 2025 Metro Economies Report. The U.S. Conference of Mayors released the report, which S&P Global Market Intelligence prepared, at its annual meeting in June. The report found that cities account for 89.5% of personal income, 92.1% of wages and salaries, 88.2% of employment, 90.3% of employment change and 86.4% of population. The gross metro product of the top 10 metro areas ($9.67 trillion) exceeds the output of 37 states ($9.45 trillion), the report states. In 37 states, metro areas contribute more than 80% of the state GDP.

Continue reading.

American City & County

by Michelle M. Havich, Editor, American City & County

July 10, 2025

[Megawatts to Megabytes: Orrick's 2025 Guide to Developing, Financing & Powering Data Centers]

The data center industry is experiencing unprecedented innovation. Global capital expenditure surged 51% in 2024, reaching $455 billion. By 2030, worldwide data center power demand is expected to rise by over 900 terawatt hours, fueled by the continued growth of AI and cloud computing. This rapid expansion brings both opportunity and complexity for industry stakeholders.

Orrick's 2025 reference guide to data centers is built on actionable insights, legal analysis, and market intelligence. It should be useful for industry veterans, companies that are entering this space for the first time, and people just trying to better understand the market.

What Are The 5 Key Elements of Data Center Development?

Drawing on our experience across all facets of the industry, we break down the challenges and solutions shaping the future of digital infrastructure, including:

- Navigating grid constraints and regulatory challenges
- Power procurement strategies, including 24/7 clean energy solutions
- Innovative financing approaches for capital-intensive projects
- Leasing, M&A, and tax considerations unique to the sector
- Social license, community engagement, and environmental impacts

Download the Guide

Orrick's Data Center Practice
Our cross-disciplinary data center team provides comprehensive support for data center operators, developers, investors and power developers, helping clients anticipate risks, seize opportunities, and shape the digital infrastructure of tomorrow. Over the past 15 months, we have supported more than 25 innovative data center transactions—including six landmark PPAs—across 20 countries.

July.15.2025

Ohio Enacts Law Regulating Ransomware Payments and Cybersecurity: Thompson Hine LLP

The Ohio Legislature included provisions in a recently enacted operating appropriations bill (Ohio House Bill 96) that regulate how and when state agencies can make ransomware payments, including a new requirement related to consultation with and approval from legislative officials. The bill also sets forth new cybersecurity standards and cyber-related event reporting requirements for state agencies. It is important that Ohio state agencies subject to the provisions update their incident response plans to include a process for engaging with legislative officials, among other areas, and update their information security policies.

The new Ohio law defines a “cybersecurity incident” and a “ransomware incident” differently. The former is defined as any of the following:

- A substantial loss of confidentiality, integrity, or availability of a covered entity’s information system or network
- A disruption of a covered entity’s ability to engage in business or industrial operations or to deliver goods or services
- The unauthorized access to an entity’s information system or network, or nonpublic information contained therein, that is facilitated through or is caused by a compromise of a cloud service provider, managed service provider, or other third-party data hosting provider, or a supply chain compromise

Continue reading.

Thompson Hine LLP – Steven G. Stransky, Thomas F. Zych, Thora Knight and Kimberly Pack

July 11 2025

Fort Worth Bitcoin Mining Pilot: A Path for Municipal Crypto Adoption

Fort Worth, Texas, has made waves by becoming the first U.S. city to officially mine Bitcoin. This initiative not only marks a significant milestone for the city but also serves as a potential model for other municipalities looking to engage with cryptocurrency. As cities worldwide explore ways to integrate crypto solutions into their economies, Fort Worth’s pilot project offers key insights on how to approach regulatory hurdles and community engagement.

Innovation is Crucial in Crypto Solutions

This Bitcoin mining initiative isn’t just about making some extra bucks. It’s a strategic maneuver to showcase Fort Worth as a hub for technological innovation. By diving into cryptocurrency, the city hopes to attract tech firms and signal its commitment to modern financial solutions. The pilot, which involves running three mining rigs around the clock for six months, is a low-stakes experiment to gauge the feasibility of municipal-level Bitcoin mining. This highlights a trend in fintech startups: viewing pilot programs as a chance to innovate rather than a quick route to profit.

Collaboration is Key for Successful Implementation

Collaboration has been vital for Fort Worth’s project. The city teamed up with the Texas Blockchain Council, which donated the mining rigs. This partnership underscores the importance of working with local experts and stakeholders to minimize costs and risks. Fintech startups should consider starting small and aligning with knowledgeable partners to help navigate the complexities of the crypto ecosystem.

Continue reading.

onesafe.io

by OneSafe Editorial Team

Jul 16, 2025

WSJ: A Mystery in the High-Yield Muni Market: What Are the Riskiest Bonds Worth?

Junk-bond prices are ‘written in pencil, not pen’

When a tiny mutual fund dumped bonds recently, the low prices it got affirmed an alarming reality for investors in risky municipal debt: Many securities turn out to be worth less than shareholders have been told.

Shares of Easterly Asset Management’s high-yield muni fund in early June cost about $6, based on Easterly’s estimated value for each bond in the fund. But many of those bonds hadn’t traded in years. And when Easterly began rapidly selling some last month, buyers weren’t willing to pay nearly the amount fund managers had estimated.

An Easterly spokeswoman said true price discovery is only possible when bonds trade in the market.

Continue reading.

The Wall Street Journal

By Heather Gillers

July 19, 2025 9:00 am ET

Munis Top Stocks on Value by the Most in Decades, MacKay Says.

Takeaways

- MacKay Municipal Managers found that after accounting for taxes, muni yields exceed the S&P 500 earnings yield by about 244 basis points, according to a new report.
- The firm said that “a positive spread of this size suggests that municipal bonds are trading at their most attractive relative value to equities in over two decades”.
- David Dowden, managing director and portfolio manager at MacKay Municipal Managers, said that investors can get close to the returns expected from stocks after considering taxes, and he is seeing buying opportunities in the investment-grade sector.

Tax-exempt municipal bonds are offering compelling value compared to equities, according to a new report by MacKay Municipal Managers.

The firm, the muni investment arm of MacKay Shields, found that after accounting for taxes, muni yields exceed the S&P 500 earnings yield by about 244 basis points, a gap not seen since 2001-02. The earnings yield, often used as a proxy for what shareholders earn on stocks, has fallen as equity valuations climb.

Continue reading.

Bloomberg Markets

By Amanda Albright

July 14, 2025

Muni Bonds See Worst Day Since Tariff-Fueled Rout in April.

Municipal bonds sold off on Tuesday, with benchmark yields rising as much as eight basis points, as new inflation data caused traders to par back expectations for an interest-rate cut in September.

The yield on the 10-year muni benchmark rose eight basis points to 3.25% in the market's worst day since tariff-fueled volatility in April.

US Treasuries also sold off after the release of the data, which signaled that companies are beginning to more meaningfully pass some tariff-related costs to consumers. State and local debt tends to follow Treasury moves.

Continue reading.

Bloomberg Markets

By Aashna Shah

July 15, 2025

Muni Bonds Offering a 'Generational' Income Opportunity, says BlackRock Strategist.

Pat Haskell, managing director at BlackRock, sits down with InvestmentNews anchor Gregg Greenberg to explain why the perfect time for investors is now to capture income and especially in the municipal bond market.

Watch video.

investmentnews.com

Jul 15, 2025

Municipal Bond Yields Rise Amid Tariff-Fueled Inflation Concerns.

Municipal bonds saw their worst day since April as new inflation data caused traders to reassess expectations for an interest-rate cut in September. The 10-year muni benchmark yield rose 8 basis points to 3.25%. US Treasuries also sold off, with the long end of the curve under pressure due to lack of demand.

Municipal bonds faced their most challenging day since April on Tuesday, July 2, 2025, as new inflation data led traders to reassess expectations for a potential interest-rate cut in September. The 10-year municipal bond benchmark yield rose by 8 basis points to 3.25%, reflecting increased uncertainty about the Federal Reserve's policy direction. US Treasuries also experienced selling pressure, particularly at the long end of the curve, as demand remained lackluster.

The inflation data, released on Tuesday, showed that tariff concerns persisted, but it did not provide enough evidence to warrant a Federal Reserve rate cut in July. The two-year muni-UST ratio was at 62%, the five-year at 63%, the 10-year at 73%, and the 30-year at 92%, according to Municipal Market Data's 3 p.m. ET read. These ratios indicate that municipal bonds are still seen as relatively attractive compared to US Treasuries [1].

Continue reading.

aiinvest.com

Tuesday, Jul 15, 2025 4:59 pm ET

Infrastructure Resilience and Municipal Bonds in Post-Crisis Markets.

Takeaways

– Maryland's water main breaks and Moody's downgrades highlight aging infrastructure risks and rising municipal borrowing costs.

– Investors face opportunities in resilient infrastructure equities (e.g., American Water Works) and bonds with strong asset management plans.

– Case studies like Santa Fe and SNWA show how proactive upgrades reduce water loss and improve credit ratings.

– Municipal debt risks vary regionally, with Midwest/Southeast bonds offering higher yields but greater infrastructure vulnerabilities.

– The $625B U.S. infrastructure gap creates long-term investment potential for utilities aligning with IIJA/WIFIA federal programs

Continue reading.

aiinvest.com

TrendPulse Finance

Sunday, Jul 20, 2025

Why Municipal Bonds Present a Compelling Opportunity Amid Tariff-Induced Volatility.

The global economy is navigating choppy waters as trade tensions and tariff disputes roil markets. In this risk-off environment, investors are seeking stable income streams with minimal exposure to equity volatility. Municipal bonds, often overlooked in favor of flashier assets, now offer a compelling opportunity. Their widening yield advantage over Treasuries, tax-advantaged returns for high-income investors, and resilient credit fundamentals make them a strategic anchor for portfolios. Let's dissect why now is the time to embrace these often-overlooked securities.

Technical Imbalances: A Widening Yield Premium

The muni/Treasury yield spread has reached its most favorable levels in decades. As of July 2025, a 30-year AAA municipal bond yields 94% of a comparable Treasury—but on a taxable-equivalent basis (assuming a 37% tax rate), this jumps to 158% of the Treasury yield. This spread widening, driven by record issuance and supply pressures, has created a technical imbalance favoring munis.

This data reveals a clear divergence: muni yields have outpaced Treasuries as investors flee equities and seek safety. Even with elevated supply—$256 billion issued in the first half of 2025, 49% above the five-year average—the demand for tax-exempt income remains robust. Short-term munis, such as the Bloomberg 3-Year Municipal Index, now yield 5.02% on a taxable-equivalent basis, a 112-basi--point advantage over taxable money market funds. These technical dynamics signal that munis are pricing in both supply pressures and their inherent demand resilience.

Continue reading.

aiinvest.com

by Cyrus Cole

Tuesday, Jul 15, 2025 5:18 pm ET

MSRB Second Quarter 2025 Municipal Securities Market Summary.

Read the MSRB Summary.

July 8, 2025

MSRB Monthly Municipal Market Trading Summary through June, 2025.

Read the MSRB Summary.

July 8, 2025

U.S. Congress Passes Reconciliation Bill: What it Means for Counties

- **The U.S. Congress has passed a reconciliation bill, maintaining changes made in the Senate**
- **The sweeping reconciliation bill contains changes with major impacts to counties**

The U.S. House has voted 218-214 to pass the One Big Beautiful Bill Act (H.R. 1), with no changes to the bill passed by the U.S. Senate on July 1. Passage of H.R. 1 before the July 4 holiday was a top priority for the White House and congressional leadership and the bill will now go to the president's desk to be signed into law, completing the reconciliation process. The sweeping legislative package will have major impacts on America's county governments, as detailed below.

How did we get here?

In February, the U.S. Congress initiated the budget reconciliation process when the House and Senate unveiled budget resolutions containing instructions to relevant congressional committees to draft legislation to either raise federal revenues or federal spending. On May 22, the House voted to pass its version of H.R. 1 by a vote of 215-214, moving the bill to the Senate.

The Senate made major changes, striking text that violated the "Byrd Rule," which states that only budget-related provisions can be included in reconciliation. Additionally, during the vote-a-rama senators voted to adopt amendments further changing the text. See the full list of key changes made in the Senate here. On July 1, the Senate voted 51-50, with Vice President J.D. Vance casting the tiebreaking vote, to send its changes back to the House for final passage.

Continue reading.

National Association of Counties

Jul 3, 2025

Budget Reconciliation Bill's Impact on Public Power.

President Trump on July 4 signed into law H.R. 1, budget reconciliation legislation that does not alter the tax treatment of municipal bonds and does not change the ability of public power utilities to claim tax credits through elective payment.

At the same time, the new law repeals energy tax credits extended and expanded under the Inflation Reduction Act of 2022 and cuts federal spending – primarily Medicaid – to partly offset the revenue loss from extending expiring tax cuts from President Donald Trump's first administration.

The House passed the bill by a vote of 218 to 214 on July 3.

Of note, conservative Republicans initially opposed to the bill emerged from talks last with the White House saying that the administration would strictly enforce, and possibly change, the rules for determining when a developer could claim it had "begun construction" for purposes of qualifying for energy tax credits.

Continue reading.

publicpower.org

by Paul Ciampoli

July 7, 2025

NLC: Local Impacts from Congress' One, Big, Beautiful Bill

On July 3, the House passed the Senate's version of the One, Big, Beautiful Bill Act (H.R. 1) in a vote of 218-214. This followed the Senate's passage on July 1 by a vote of 51-50, with Vice President Vance casting the deciding vote. Ultimately, Sens. Tillis (R-NC), Paul (R-KY) and Collins (R-ME) and Reps. Fitzpatrick (R-PA) and Massie (R-KY) voted against the bill, along with every Democrat and Independent. President Trump signed the bill into law on July 4.

Key Takeaways

- Key outreach from local leaders across the country produced several local government wins, including the preservation of tax-exemption on municipal bonds, a temporary raise to the SALT deduction and improved incentives for private investment in underserved communities.
- The bill rescinds a substantial amount of funding from the U.S. Department of Transportation Neighborhood Access and Equity grants, as well as unobligated funding from several emissions reduction grants under the U.S. Environmental Protection Agency.
- The bill maintains the direct pay mechanism created through the Inflation Reduction Act, it accelerates the phase out of tax credits for solar and wind projects and adds new requirements around supply chain components that will likely limit the ability of local governments to take advantage of the direct pay program.
- Significant cuts were made to social safety net programs, including $186 billion through 2034 for the Supplemental Nutrition Assistance Program (SNAP) and $1 trillion from Medicaid.
- The bill significantly expands federal immigration enforcement capacity while providing targeted funding to support local public safety and security efforts related to the 2026 FIFA World Cup and the 2028 Olympics, including $500 million to enhance local capabilities for detecting threats from unmanned aerial systems.

Continue reading.

National League of Cities

July 11, 2025

Fitch: OBBBA Poses Long-Term Challenges for U.S. Not-for-Profit Hospitals

Fitch Ratings-Chicago/Toronto/New York-10 July 2025: The passage of the One Big Beautiful Bill Act (OBBBA) will have profound long-term implications for U.S. not-for-profit (NFP) hospitals, Fitch Ratings says. However, many of the act's provisions affecting the sector will not be implemented until 2027 or beyond, giving hospitals time to prepare.

Fitch expects current underlying business conditions to continue to support sound operating results for NFP hospitals for the remainder of 2025. The sector entered 2025 with patient volumes exceeding pre-pandemic levels in most markets, effective cost management despite labor disruptions and historic inflation, and equity market gains that strengthened balance sheets to near-record levels.

Fitch expects many NFP hospitals to improve their financial performance in FY 2025 compared to FY 2024 as management teams prepare for pressure from OBBBA in the coming years. The bill's significant cuts to federal healthcare spending, particularly Medicaid, represent the greatest future threat to NFP hospital operations and cash flows.

OBBBA cuts Medicaid spending through stricter eligibility recertifications, work requirements, and caps on provider taxes and state directed payments. The OBBBA also restricts Affordable Care Act (ACA) marketplace eligibility and allows ACA premium tax credits to expire at the end of 2025. This is likely to cause premium spikes and result in many people dropping their coverage.

The Congressional Budget Office (CBO) estimates the OBBBA could cut Medicaid spending by about $1 trillion over 10 years, and an estimated 11 million fewer people would be covered by Medicaid or ACA marketplace health insurance by 2034. As early as federal fiscal year 2026 (beginning Oct. 1, 2025), hospitals in most states will begin to feel the squeeze of increased bad debt and charity care as patients lose Medicaid and ACA marketplace plan coverage. This will pressure cash flows and degrade hospitals' ability to serve more uninsured patients. OBBBA defers many of the Medicaid reforms into late 2026 and beyond, so much of the resulting margin compression will not be realized until 2027.

The bill's gradual implementation gives hospitals time to adjust operations ahead of cuts. OBBBA includes a $50 billion fund available through 2030 to help rural hospitals manage added reimbursement challenges. Nevertheless, hospitals with higher exposure to Medicaid patients or in states that have aggressively expanded Medicaid eligibility, provider taxes or directed payment programs will be most vulnerable to financial pressures.

Beyond OBBBA, tariffs, presidential executive orders and proposed regulatory changes related to healthcare policy will pressure industry cash flows. Executive orders have called for cuts to the National Institutes of Health and other federal scientific research funding, changes to the 340B drug program, site neutrality, and additional acute care provider administrative requirements related to Medicaid eligibility. Higher tariffs present challenges for operating costs and capital spending.

Longer-term, the CBO estimates that the OBBBA will add more than $3 trillion to federal budget deficits over the next decade and increase federal debt by up to $4 trillion. Consequently, further healthcare spending cuts are possible in future budgets, posing downside risk to U.S. NFP hospitals in later years.

Fitch: U.S. Public Finance Cyber Risk Heightened by Geopolitical Conflict

Fitch Ratings-New York/Chicago/Austin/San Francisco-10 July 2025: U.S. public finance issuer cyber risk has risen as a result of the Israel-Iran conflict and greater geopolitical tensions from the U.S.'s recent intervention, Fitch Ratings says. Iranian-state affiliated actors and hacktivist groups are targeting U.S. critical infrastructure, and the frequency of cyber intrusions is likely to rise, as highlighted by joint advisories from the Cybersecurity and Infrastructure Security Agency (CISA), Federal Bureau of Investigation, Department of Defense Cyber Crime Center, and National Security Agency.

Previous geo-politically motivated attacks on U.S. public finance entities primarily targeted health care and utilities. New cyber attacks are also likely to take place as distributed denial-of-service and ransomware attacks.

Cyber breaches are known event risks, but the exact timing and magnitude of damages are hard to predict. Following a cyber incident, we assess an issuer’s ability to maintain operational continuity, the duration and scale of service delivery interruptions, impairments to cash flows, and reputational damage.

We consider cyber risk under our review of management and governance, where the presence of adequate governance and management is assumed, and weak governance and management may cause the rating to be lower, all other things being equal. Proactive risk management, including robust incident response planning, staff training, vendor oversight, and, if available, insurance is critical for mitigating evolving threats and preserving credit quality in the face of increasingly sophisticated adversaries. Severe breaches that pressure credit metrics or clear deficiencies in cyber risk management can lead to negative rating actions. Historically, most cyber incidents have not resulted in rating actions.

The public sector’s increasing vulnerability is evidenced by a history of disruptive high-profile attacks and ransomware campaigns on local governments, utilities, health care providers and transit systems. These cyber incidents have forced temporary suspension of essential services and diversion of resources away from core priorities. The interconnected nature of public finance operations, where multiple agencies and third-party vendors share data and applications, can amplify the effects of a single breach. The growing use of cloud services and remote work arrangements further expand the attack surface, introducing new risks that must be properly managed.

Public finance issuers are especially compelling targets for nation-state adversaries. Low-intensity campaigns or disruptions to essential services such as water, power, health care and transportation can have significant welfare, operational and reputational consequences. Many municipal entities operate with legacy IT systems that may have known vulnerabilities or lack robust network segmentation. Public disclosure requirements mean that much of the financial information for municipal entities is available to cyber adversaries. Attacks on infrastructure like power or water can also create downstream risks for other sectors.

Federal cybersecurity resource reductions such as the one-third reduction in CISA headcount thus far this year could further pressure state and local governmental resilience by inhibiting coordination, defense and response. Resource constraints were already an ongoing challenge for the public sector, with smaller entities often lacking the budget, technical expertise, and personnel to implement robust cybersecurity measures or comply with CISA reporting guidelines for critical infrastructure. Public finance entities increasingly rely on third party vendors and cloud-based solutions for cybersecurity support. Strong vendor risk management is a vital part of any cyber risk mitigation strategy.

Local governments often struggle to attract and retain skilled cybersecurity professionals due to budgetary constraints, competition from the private sector, and a limited talent pool. As a result, municipal IT teams may lack the capacity to implement advanced security controls, monitor networks continuously, and respond swiftly to incidents. These workforce gaps increase the likelihood of successful attacks and amplify operational and financial risks.

Rising Waters, Steady Returns: Texas Flood Bonds and the New Era of Climate Resilience Investing

The catastrophic floods that ravaged Texas's Hill Country in July 2025, killing over 50 people and submerging entire communities, have become a stark symbol of climate vulnerability. But for investors, the disaster has also revealed a compelling opportunity: the rapid growth of municipal bonds financing climate-resilient infrastructure. As municipalities pivot from reactive disaster relief to proactive risk mitigation, Texas is emerging as a testing ground for low-risk, high-impact fixed-income investments that align with environmental, social, and governance (ESG) priorities.

The Hill Country Floods: A Catalyst for Change

The July 2025 deluge—the worst in Texas history—exposed systemic flaws in floodplain management, evacuation protocols, and infrastructure resilience. The Guadalupe River surged to record levels, overwhelming dams and roads, while outdated FEMA flood maps failed to capture the true risk. The human toll was devastating, but the economic cost was equally staggering: over $20 billion in losses since 2023, with billions more in unmet recovery needs from Hurricane Harvey still unspent.

This crisis has spurred a paradigm shift. Instead of relying on ad-hoc federal disaster aid, Texas is now funding long-term solutions through climate resilience bonds, leveraging its AAA bond rating and growing investor appetite for ESG-aligned assets.

Continue reading.

aiinvest.com

Jul 6, 2025

Municipal Bonds: Finding Silver Linings in the Slump

The first half of 2025 has been a test of resilience for municipal bond investors. After a period of relative calm, the market faced its worst H1 performance in five years, with rising yields, elevated supply, and fiscal policy uncertainty creating headwinds. Yet, beneath the turbulence lies an opportunity for strategic investors to capitalize on historically attractive yields, robust credit fundamentals, and the enduring tax advantages that define this asset class.

The Slump: What Happened in H1 2025?

Municipal bonds entered 2025 with a steep uphill climb. A broad-based investment-grade municipal bond index fell approximately 1% year-to-date through May, while taxable bonds like the Bloomberg US Aggregate Bond Index surged 3%, widening the performance gap to a staggering 400 basis points. The pain was concentrated in the long end of the yield curve: 20–30 year maturities saw yields rise 50–70 basis points—far outpacing the 10-basis-point increase in Treasuries.

Continue reading.

aiinvest.com

by Eli Grant

Wednesday, Jul 9, 2025 1:49 pm ET

Munis Set for Comeback After Worst First Half in Five Years.

Takeaways

- Municipal bonds are poised to recover from their worst half relative to US Treasuries in five years as juicy yields and cheap valuations attract buyers.
- Investors in the top federal tax-bracket can secure a 4.5% yield on the longest-dated munis, 1.7 percentage points more in yield compared with Treasuries on an after tax-basis, according to AllianceBernstein Holding LP.
- Daryl Clements, a portfolio manager at AllianceBernstein, said that munis are “setting themselves up nicely at a time when demand is picking up” due to high yields, a steep curve, and cheap valuations relative to Treasuries.

Municipal bonds are poised to recover from their worst half relative to US Treasuries in five years as juicy yields and cheap valuations attract buyers.

A surge in municipal bond supply and weaker demand for longer maturities have pushed benchmark 30-year muni yields to levels not seen since 2013, excluding brief spikes in April and a bond selloff in October 2023.

Investors in the top federal tax-bracket at the beginning of the month were able to secure a 4.5% yield on the longest-dated munis, 1.7 percentage points more in yield compared with Treasuries on an after tax-basis, versus a 5-year average of 0.97 percentage points, according to AllianceBernstein Holding LP.

Continue reading.

Bloomberg Markets

By Martin Z Braun

July 9, 2025

Higher Yields, Higher Risks? The Changing Landscape of Education Municipal Bonds.

When investors think about municipal bonds, they often go right to state-issued general obligation bonds – the kind of debt backed by the taxing authorities of the state or city. However, the muni market is vast and features plenty of different subtypes. One of the biggest is education bonds. Public school districts, charter schools, private schools, colleges, universities, and community colleges often head to the municipal market to borrow muni. And historically, these bonds have been a good deal for investors.

But now, a threat could be emerging to the sleepy education bond sector.

With the Trump Administration’s plans to dismantle the Department of Education and education funding, analysts and pundits are now starting to wonder what the effect on municipal bonds could be.

Trump's Plan

Established in 1979, the Department of Education oversees funding for public schools, administers student loans, and runs various programs that help low-income students. However, the department does not operate schools or set the curriculum, which is a common misconception. States and local school districts are responsible for that.

Continue reading.

dividend.com

by Aaron Levitt

Jul 14, 2025

Connecticut's Tax Delinquency Crisis: Risks to Bondholders and Opportunities in Infrastructure Bonds.

Connecticut's fiscal health is at a crossroads, with unresolved tax delinquency issues, legislative gridlock over revenue policies, and sector-specific financial strain threatening its creditworthiness and investor confidence. For municipal bondholders, these risks create a nuanced landscape—requiring a sharp focus on asset-specific resilience while avoiding exposure to systemic vulnerabilities tied to the state's tax scaffolding. Here's how to navigate the risks and seize opportunities.

The Tax Delinquency Time Bomb

Connecticut's property tax delinquency system, with its archaic 18% annual interest rate (set during the 1980s high-inflation era), has become a flashpoint. While lawmakers push to lower this rate to 8-12%, municipal leaders warn this could reduce revenue by hundreds of millions annually. The stakes are high: if delinquent tax collections falter, it could erode budget surpluses that are already projected to shrink as federal aid declines.

The state's $2.3 billion surplus for FY2024—its second-highest ever—masks vulnerabilities. Sales tax growth has stalled, and corporate tax revenues are stagnant. Meanwhile, a proposed 1.75% capital gains surcharge on high earners (set to expire in 2029) is seen as a temporary fix for funding a child tax credit. If federal Medicaid and education cuts materialize (up to $880 million annually), the state may face a fiscal squeeze, forcing tough trade-offs between debt service and services.

Continue reading.

aiinvest.com

Sunday, Jul 13, 2025 6:58 am ET

Rising Waters, Rising Opportunities: Navigating Flood Risks in Climate Resilience Investments

The world is drowning in data about flooding—and it's not just metaphorical. Flood-related disasters have surged by 134% since the early 2000s, now accounting for 35–40% of all weather-related economic losses. From Houston to Jakarta, rising seas and extreme rainfall are reshaping landscapes, economies, and investment opportunities. For investors, this deluge presents a paradox: risk and reward are inextricably linked. The key lies in understanding where flood risks are concentrated, how they impact real estate and municipal bonds, and where to find resilience—and profit—in this turbulent landscape.

The Flood Risk Landscape: Where the Water Rises

Geographically, flood risks are unevenly distributed. By 2050, Western Asia faces a 60% increase in annual losses, while Melanesia and Eastern Africa could see rises of 44% and 42%, respectively. In the U.S., Florida, New York, and New Jersey dominate exposure, housing over 2.5 million people in coastal flood zones by mid-century. Even small shifts in climate patterns matter: the Climate Risk Index 2025 notes that storms and floods have caused over $3.6 trillion in economic losses since 1993, disproportionately affecting low-income nations and small island states.

Floods and Real Estate: The New Price of Location

Flood risks are rewriting real estate economics. Properties in high-risk zones face declining values, while adjacent areas with mitigation measures—like Houston's floodplain buyouts—see premiums. A 2020 study in the Journal of Financial Economics found that a 1% increase in flood risk exposure (measured by sea-level rise) reduces long-term property values by 0.8%, with impacts concentrated in low-lying coastal markets.

Continue reading.

aiinvest.com

by Marcus Lee

Sunday, Jul 13, 2025 9:35 am ET

Philadelphia's Labor Strike: A Stress Test for Municipal Credit Risk and Investor Exposure

Philadelphia's municipal labor strike, now in its eighth day, has become a flashpoint for investors evaluating the fragility of municipal bond markets. With nearly 9,000 workers from sanitation, police dispatch, and public works halted, the strike underscores systemic vulnerabilities in city budgets—particularly underfunded pensions and stagnant wage agreements—that could destabilize credit quality and bond valuations. For municipal bond investors, this is no longer a local labor dispute: it's a warning signal to reassess exposure to Philadelphia's fixed-income securities and consider defensive strategies.

Credit Risks: A Closer Look at Philadelphia's Metrics

Philadelphia's credit ratings remain in the 'A' category (S&P: A+, Moody's: A1, Fitch: A+), but these ratings assume fiscal discipline. The city's pension fund, while improving to 62.2% funded in 2024, still faces a decade-long path to full funding. Even with recent upgrades, S&P has flagged socioeconomic disparities as a persistent weakness.

The strike's duration and potential escalation could test these ratings. A prolonged labor impasse risks diverting funds from reserve accounts (the Budget Stabilization Reserve is projected to drop to $642 million in FY2025) and worsening public sentiment. Bondholders, particularly those in Philadelphia's general obligation (GO) bonds, face rising default risk if the city's contingency plans fail.

Continue reading.

aiinvest.com

by Cyrus Cole

Tuesday, Jul 8, 2025 11:40 pm ET

Crime and Credit: Navigating the Municipal Bond Market in an Era of Rising Public Safety Concerns

The U.S. municipal bond market, a cornerstone of public finance, faces mounting scrutiny as rising violent crime rates in key regions reshape credit risk landscapes. While cities like New York and Los Angeles have seen declines in crime since 2020, others—such as Memphis, Detroit, and St. Louis—are grappling with persistent or even escalating violence. For investors, this divergence demands a nuanced approach to assessing creditworthiness. Below, we dissect the interplay between public safety trends and municipal debt, offering actionable insights for navigating this evolving market.

The Crime-Credit Nexus: How Violence Impacts Fiscal Health

Rising violent crime creates a feedback loop of fiscal strain. Municipalities in high-crime areas face three critical challenges:

1. Reduced Revenue Streams: Declining property values in crime-ridden neighborhoods shrink tax bases, while businesses relocate to safer zones.
2. Increased Expenditures: Cities must divert funds to law enforcement, emergency services, and blight remediation. For example, Detroit's 2024 budget allocated 42% of its $1.8 billion general fund to public safety, up from 38% in 2020.
3. Investor Perception: Elevated crime signals governance challenges, prompting credit agencies to downgrade ratings. A 2025 study found that cities entering bankruptcy saw total crime rates surge by 36% within two years, with violent crime up 17%—directly correlating with higher bond yields.

Continue reading.

aiinvest.com

by Julian West

Sunday, Jul 13, 2025 3:08 pm ET

[Munis Top Stocks on Value by the Most in Decades, MacKay Says.]

Takeaways

- MacKay Municipal Managers found that after accounting for taxes, muni yields exceed the S&P 500 earnings yield by about 244 basis points, according to a new report.
- The firm said that "a positive spread of this size suggests that municipal bonds are trading at their most attractive relative value to equities in over two decades".
- David Dowden, managing director and portfolio manager at MacKay Municipal Managers, said that investors can get close to the returns expected from stocks after considering taxes, and he is seeing buying opportunities in the investment-grade sector.

Tax-exempt municipal bonds are offering compelling value compared to equities, according to a new report by MacKay Municipal Managers.

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Continue reading.

Bloomberg Markets

By Amanda Albright

July 14, 2025

[S&P: Changing Demographic Trends Could Affect U.S. Public Finance Issuers' Creditworthiness In Varying Ways]

Key Takeaways

- Slowing U.S. population growth, exacerbated by an aging society, could have varying impacts on the creditworthiness of U.S. public finance issuers.
- The U.S. Census Bureau projects that by 2035 the number of people aged 65 and over will outnumber those under the age of 18 for the first time. This could lead to economic strain, absent improved productivity.
- States with decreasing populations may face economic pressures and need to reprioritize financial resources while others, particularly in the Mountain and West regions, could experience growth opportunities.
- We believe that the long-term credit implications of demographic trends could be offset by management's long-term planning, technological advancement to improve productivity, and state and federal policy changes.

For decades, significant economic growth in the U.S. was spurred in part by the country's growing population. However, the U.S. Census Bureau believes a demographic shift within the next three decades is inevitable and is projecting that, by 2050, the population growth rate will fall to about 0.2% annually compared with 0.6% during the last 10 years (chart 1). In addition, U.S. Census Bureau baseline population projections show multiyear population declines will start by 2085.

Population aging is a global trend that can have credit impacts through multiple channels. As discussed in "Credit Implications Of Global Aging: A Complex Interplay," June 23, 2025, although the related credit dynamics can be complex, we identify five key credit impact drivers associated with aging populations: age cohorts, labor force participation, productivity, migration, and public policies.

S&P Global Ratings believes that for many U.S. public finance issuers, the slowdown in population growth has long-term implications, including changing service delivery needs and a smaller workforce, which together, could lead to slower economic growth.

Continue reading. [Free Registration Required]

26-Jun-2025 | 11:06 EDT

How Rating Agencies are Viewing the Public Finance Outlook for the Remainder of 2025.

While many sectors within U.S. public finance are expected to maintain stable credit quality heading into 2025, emerging credit pressures could begin to impact performance and key rating metrics in the near term. Much of this uncertainty stems from potential shifts in federal policy under the new administration, which will play a critical role in shaping the fiscal sustainability of state and local governments, particularly those that rely on federal grants to support large-scale or megaprojects. Additionally, the broader macroeconomic environment, including the Federal Reserve's evolving stance on interest rates, will significantly influence inflation trends and borrowing costs. With uncertainty surrounding how the Fed will respond to economic signals, considerable ambiguity remains in the outlook.

In this article, we examine the current state of key public finance sectors, highlight emerging risks and performance trends, and offer insights into what the path ahead may hold.

Cities, Counties, Special Districts and More

Ongoing economic and federal policy uncertainty is elevating the importance of strong fiscal management for local governments. While widespread credit downgrades are not anticipated, many agencies are projecting budget deficits that could begin to erode the financial reserves built up over the past several years. Additionally, potential shifts in federal policy may affect local, regional, and state economies — posing risks to key revenue sources such as property and sales taxes. As reserve levels decline, local governments may face increasing financial strain in a sector that has otherwise demonstrated resilience since the onset of the pandemic.

Continue reading.

dividend.com

by Jayden Sangha

Jun 27, 2025

US State Budget Wounds Intensify From Trump, DOGE Policy Shifts.

Takeaways

- US states are warning of significant revenue losses due to the Trump administration's government cuts and trade policies, with Maryland expecting to lose nearly $350 million.
- The cuts come at a time when states are already facing flat revenue growth, rising costs from inflation, and the end of pandemic aid, with governors and lawmakers debating how to make up for the losses.
- States, including those run by Republicans, are bracing for impact, with cities and towns also anticipating funding shrinkage, and governors warning of a "Trump slump" that will stunt economic growth.

US states are sounding the alarm over the billions in revenue they stand to lose under the Trump administration's broadscale government cuts and the impact of his trade policies.

In Maryland, the reductions are expected to cost nearly $350 million and led Moody's Ratings to lower the state's top-tier credit grade it had held for half a century. California officials say on-again, off-again tariff announcements have dampened the state's economic outlook. Illinois, already facing fiscal strains, says Trump has made the situation worse. And New Mexico lawmakers are considering a special session to deal with the fallout from DC policy. Even states run by Republicans are bracing for impact.

Continue reading.

Bloomberg CityLab

By Aashna Shah

June 23, 2025

States Face Slowing Revenue, Difficult Budget Environment.

States are expecting flat revenues and increasing costs in this new fiscal year. They'll face hard choices even if Congress does not cut major aid programs.

Slow revenue growth continues to pinch state budgets across the country, leading governors to propose spending cuts, hiring freezes and some tax increases.

In its spring survey of states, the National Association of State Budget Officers found that general fund spending will hold steady in fiscal 2026 as states expect limited revenue growth but increased costs.

Though most states are meeting or exceeding 2025 revenue projections, a growing number are downgrading their revenue expectations for the next fiscal year, Shelby Kerns, executive director of the association, said in a news release.

“In a number of states, we’re seeing expenditure projections outpacing revenue growth, forcing policymakers to make hard choices in order to balance their budgets,” Kerns said.

Continue reading.

governing.com

July 2, 2025 • Kevin Hardy, Stateline

NASBO Spring 2025 Fiscal Survey.

With data gathered from all 50 state budget offices, this semi-annual report provides a narrative analysis of the fiscal condition of the states and data summaries of state general fund revenues, expenditures, and balances. The spring edition details governors’ proposed budgets; the fall edition details enacted budgets.

View the Fiscal Survey.

States Finalize Fiscal 2026 Budgets Amid Tightening Conditions: NASBO Budget Blog

View the Budget Blog.

US School Districts Rush to Sell Bonds After Draining Covid Cash.

Takeaways

- Public schools are issuing a large number of municipal bonds to fund upgrades, with issuance reaching nearly $45 billion so far this year, a 35% increase from the same period in 2024.
- The surge in bond issuance is driven by a mix of elevated construction costs, pent-up demand for projects, and competition among schools to attract students and families with modern facilities.
- The current volume of public school bonds is also tied to the election last November, with districts issuing debt to fund voter-approved projects, and investors have largely absorbed the influx of school bonds without issue.

The pandemic-era pause on borrowing is over. Public schools are flooding the municipal-bond market to fund long-delayed upgrades as federal aid runs out and enrollment pressures mount.

Bond issuance from school districts has reached nearly $45 billion so far this year, up more than 35% from the same period in 2024, data compiled by Bloomberg shows. That’s greater than the roughly 20% jump in bond sales overall in the muni market.

There’s a sense among muni analysts that most districts are, for now, in healthy enough financial shape to absorb the jump in debt levels. Yet the bond rush still signals a turning point.

Continue reading.

Bloomberg Markets

By Erin Hudson

June 30, 2025

RBC Reclaims No. 2 Muni Underwriter Spot With School Debt Surge.

Takeaways

- RBC Capital Markets has reclaimed its position as the second-biggest municipal underwriter in the first half of 2025, with a market share of about 10.5% of the $278.5 billion total long-term muni sales.
- RBC’s gains in sectors such as higher education, K-12 schools, and transportation have helped it expand market share, with debt sales for colleges and local school districts jumping nearly 40%.
- RBC estimates total issuance could rise 6% year-over-year to as much as $535 billion, and sees opportunities in health care and transportation, with plans to potentially add headcount, including a senior banker.

RBC Capital Markets has ridden the wave of record US state and local debt sales in the first half of this year to reclaim its position as the second-biggest municipal underwriter.

The Canadian bank’s market share rose to about 10.5% of the $278.5 billion total long-term muni sales for the first six months of 2025, according to data compiled by Bloomberg. It first reached the No. 2 rank in 2023 but ceded that spot to JPMorgan Chase & Co. last year and slipped to third place, according to first-half data going back to 2013. Bank of America Corp. continues to hold the top spot.

A JPMorgan spokesperson declined to comment on the shift in market share. Representatives for Bank of America didn’t immediately respond to emails seeking comment.

Continue reading.

Bloomberg Markets

By Shruti Singh

July 3, 2025

Junk-Rated College’s $54 Million Bond Deal Sees Delay in Pricing.

A bond sale by Valparaiso University, a private college in Indiana, has been delayed, according to people familiar with the matter, as its niche structure faces a smaller pool of buyers.

Lead underwriter JPMorgan Chase & Co. had targeted a pricing date of June 18 for the $54 million deal, according to the roadshow for investors. The negotiated offering, which includes tax-exempt and taxable debt, is now expected to price the week of July 7, according to data compiled by Bloomberg. Spokespeople for JPMorgan and the university declined to comment.

The junk-rated deal is trying to price as the taxable municipal-bond market contends with a more limited buyer base of investors who tend to focus on large transactions that are more liquid. They can also prefer highly-rated names. Smaller, lower-rated deals can struggle to find investor interest.

Continue reading.

Bloomberg Markets

By Amanda Albright and Elizabeth Rembert

July 2, 2025

WSJ: Trump's $7 Billion Education Funding Freeze Blindsides Schools

Superintendents are scrambling to figure out what to do with programs funded by the money now under review

Key Points

- The Trump administration is freezing nearly $7 billion in education funding already approved by Congress.
- The White House says the move is due to an ongoing review that found grants subsidizing a "radical leftwing agenda."
- School districts nationwide are scrambling to address budget shortfalls as the new school year approaches.

On Monday, state education leaders across the country got a brief but startling email from the Education Department.

Nearly $7 billion in education funding—which Congress had approved and President Trump signed into law in March—wouldn't be released as expected the following day. The email didn't elaborate on why, mentioning a review.

With the new school year not far off, the funding freeze has sent superintendents from California to Rhode Island scrambling to figure out how to handle a shortfall. The money had been earmarked for a range of activities, including after-school programs, teacher training, adult education and support for students learning English.

Continue reading.

The Wall Street Journal

By Matt Barnum

July 4, 2025 10:00 am ET

['None Of Us Were Worrying About This': Trump's Latest School Money Move Has State Authorities Scrambling]

A White House budget office spokesperson said some the funds were "grossly misused to subsidize a radical leftwing agenda."

The Trump administration's decision to withhold federal funds earmarked for key school programs tallies about $7 billion, a top appropriator estimated Tuesday as state officials rushed to assess the financial fallout.

Word that the Education Department had halted plans to distribute grants for after-school programs, teacher training initiatives, migrant student education and other initiatives on time has sent local authorities rushing to figure out how their classrooms will be hit.

Superintendents, teachers and budget wonks will now spend the summer measuring how much of a financial hole they might have to fill as they wait for updates from Washington. Some are considering lawsuits as teachers unions struck a combative stance and officials in some Republican-led states suggested the federal government should reverse course.

Continue reading.

politico.com

By Juan Perez Jr., Eric He and Andrew Atterbury

07/02/2025

[Understanding School Finance Means Appreciating Tradeoffs.]

My experience with the Edunomics Lab

It was the economist Thomas Sowell who argued, "There are no solutions, only tradeoffs."

That was on my mind when, a couple of weeks ago, I attended a Certificate in Education Finance residency put on by the staff of the Edunomics Lab at Georgetown University's McCourt School of Public Policy. Dr. Marguerite Roza presented most of the program's content, focusing on spending decisions in public schools and school districts. I gained appreciation for the difficult tradeoffs that chief financial officers, superintendents, and school board members must consider when they weigh cuts to curriculum, programs, employee benefits, and jobs.

Because that is what education finance policy is all about: tradeoffs. Want to shrink class sizes? Well, you might end up paying teachers less because you need more of them. Want to get more technology in the classroom? You might not be able to hire reading specialists. And on and on and on. Schools and school districts do not have limitless amounts of money, so leaders often have to make tough choices between good things. They can't do them all.

Continue reading.

edchoice.com

by Alex Wolf

July 3, 2025

S&P 'AAA' Rated U.S. School Districts: Current List

View the list.

07 Jul 2025

S&P 'AAA' Rated U.S. Municipalities: Current List

View the list.

07 Jul 2025

S&P 'AAA' Rated U.S. Counties: Current List

View the list.

07-Jul-2025 | 11:23 EDT

Climate Risks Shape Municipal Bonds: Flood And Wildfire Alerts.

What's going on here?

Municipal bonds in the US are under scrutiny as new data highlights their vulnerability to climate risks like floods and wildfires.

What does this mean?

Climate change is introducing new risks to municipal bonds, traditionally stable investments in local government projects. ICE Climate Data shows that bonds from regions like Nahant, Massachusetts, and Banning Unified School District, California, have severe risk scores. These ratings, from 0.0 to 5.0, highlight threats from environmental events that could impact the financial health of these investments. Nahant's $6 million offering has a flood score of 5.0, indicating extreme risk, while Banning's $18 million bond faces maximum wildfire risk. As climate concerns grow, these scores are likely to influence future investment strategies.

Why should I care?

For markets: Climate change meets municipal finance.

The integration of climate risk assessments is crucial for investors looking to understand potential vulnerabilities. Bonds in places like Tampa, Florida, with a climate risk score of 3.8, may require additional scrutiny. As environmental uncertainty rises, assessing these risks becomes essential for safeguarding portfolios against future climate events.

The bigger picture: Municipal bonds face a new reality.

The implication is clear: municipalities may encounter rising costs and challenges as they adapt to climate change. Cities and school districts might need to factor these risks into financial planning, affecting borrowing costs and infrastructure priorities. This shift highlights the importance of incorporating climate resilience into nationwide economic strategies.

finimize.com

Struggling Downtowns Are Looking to Lure New Crowds.

Traditional business districts in cities like Chicago and Portland are still waiting for office workers to return. Can younger residents and families fill the gap?

The 12-story building at 300 West Adams Street is typical of the terra-cotta-clad office towers that rose in downtown Chicago during the 1920s. Heavily ornamented with Gothic Revival details and brass decorative elements, it's across the street from the city's tallest skyscraper, the freshly renovated Willis (née Sears) Tower, and a few blocks from the elevated train tracks that define the city's central business district, known as the Loop. It sold for $51 million in 2012. But when it went up for auction at the end of 2023, the historically landmarked building, half-vacant, sold for a mere $4 million, a 89% drop.

The plummeting value of 300 West Adams is just one example of the deep discounts in Chicago's office real estate market, where a quarter of the business district sat vacant in the first quarter of 2025. The pandemic-fueled explosion of remote work blasted enduring holes in the hearts of cities across the US: Nationwide, downtown vacancy rates sat at 19% in April. A third of central Portland's office space remains unoccupied; the Oregon city's second-tallest skyscraper, the 42-story former US Bancorp Tower, is more than half empty and on sale for $70 million, a precipitous drop from the $373 million earned the last time it changed hands.

The era of American downtowns as monocultures of high-density white-collar work appears to be over, and what replaces it stands to be the most significant real estate reset of the post-Covid era. In many ways, business districts are learning to become more urban places, widening their economic bases and learning to become more welcoming to new kinds of people.

Continue reading.

Bloomberg CityLab

By Zach Mortice

June 30, 2025 at 7:11 AM PDT

Mayor Eric Adams Unveils Bitcoin-Backed Municipal Bonds to Transform NYC into a Crypto Hub.

NYC's Bold Step into Crypto Finance: BitBonds and the Future of Municipal Innovation

New York City is making waves in the cryptocurrency world with Mayor Eric Adams' announcement of Bitcoin-backed municipal bonds, known as "BitBonds." Unveiled at the Bitcoin 2025 conference, this initiative aims to position NYC as a global leader in crypto innovation while addressing long-standing challenges that have deterred blockchain businesses from thriving in the city. With this bold move, Adams seeks to redefine municipal finance and attract crypto entrepreneurs back to the Big Apple.

What Are BitBonds?

BitBonds are a proposed financial instrument that integrates Bitcoin into municipal bond offerings. Unlike traditional municipal bonds, which are backed by government revenue or infrastructure projects, BitBonds allow Bitcoin holders to invest in NYC bonds while potentially benefiting from Bitcoin's market performance. This initiative is part of Adams' broader vision to modernize NYC's financial ecosystem and embrace blockchain technology.

How BitBonds Work

The Bitcoin Policy Institute has outlined a potential structure for BitBonds:

Continue reading.

okx.com

Published on Jun 25, 2025

Municipal-Bond Market Inches Closer to $5 Trillion With a Record Quarter.

Takeaways

- State and local governments have sold $153 billion of new debt in the second quarter, a record pace, to fund projects.
- The surge in municipal-bond sales is driven by factors including increased construction costs, steady interest rates, and potential future federal policy changes.
- The influx of new debt has given investors the opportunity to be "choosier" and pick and choose the best bonds for their portfolios.

Municipal-bond bankers have been extra busy this year as state and local governments rush to borrow at a record pace to fund projects.

State and local governments have sold $153 billion of new debt in the second quarter, already the biggest ever with just four trading days left in the period, according to data compiled by Bloomberg. That has lifted 2025 sales to more than $271 billion, a 21% increase over last year's volume.

Continue reading.

Bloomberg Markets

By Danielle Moran and Shruti Singh

June 25, 2025

Muni Market Poised for 'Space Bonds' With New Senate Tax Bill.

The municipal-bond market is poised to go to infinity — and beyond — with a new financing tool included in President Donald Trump's tax and spending bill that passed the Senate Tuesday.

The legislation includes a provision that would let spaceports sell tax-exempt bonds similar to airports. The bill now goes to the House.

The idea of so-called space bonds was proposed in a 2024 bill that sought to allow the financing of spaceports with tax-exempt facility bonds. Space Florida, an aerospace finance and development authority, has been advocating for "space bonds" to be tax-exempt.

Spaceports can include any facility near a launch site or re-entry site used to manufacture, assemble or repair spacecraft, the bill said. It could also include flight control facilities. One of the 2024 bill sponsors was Marco Rubio, a former Florida senator who now serves as secretary of state.

"Treating spaceports like other transportation infrastructure is essential to keep pace with global competition from adversaries like China and ensure the US maintains leadership in the growing space economy," Space Florida says on its website.

Bloomberg Markets

By Amanda Albright

July 1, 2025

Bloomberg: Why the Muni Market Is So Robust Right Now

Municipal-bond bankers have been extra busy this year as state and local governments rush to borrow at a record pace to fund projects. Bloomberg's Shruti Singh has more on the story.

Watch video.

Bloomberg Markets – Muni MomentTV Shows

June 27th, 2025

Nuveen's Dan Close Says this Underperforming Asset Class is an Opportunity

Play in Munis.

Dan Close, Nuveen head of munis, joins ‘The Exchange’ to discuss this municipal bond opportunity in water bonds.

Watch video.

Jul 1, 2025

The 2025 Municipal Bond Mega Calendar: Opportunities in Rising Supply Amid Structural Tailwinds

The municipal bond market of 2025 stands at a crossroads. While rising issuance levels and lingering policy uncertainties pose challenges, the confluence of falling interest rates, enduring tax advantages, and resilient credit fundamentals creates a fertile landscape for investors seeking tax-advantaged income. This is not merely a cyclical opportunity but a structural one, rooted in the enduring appeal of municipal debt in a post-rate-hike world.

The Rate Cut Catalyst: Falling Yields and a Steeper Curve

The Federal Reserve’s pivot toward rate cuts in 2025 has reignited demand for income-generating assets. Municipal bonds, particularly those with longer maturities, are poised to benefit as yields decline. With the Fed projected to lower rates further, the yield curve is steepening, favoring investors who extend their duration exposure.

Current yields of 3.7% on the Bloomberg Municipal Bond Index offer a compelling starting point. Even modest declines in yields could generate capital gains, though investors must remain vigilant: a sharp rebound in rates could offset returns.

Continue reading.

AInvest.com

by Edwin Foster

Saturday, Jun 28, 2025

Six Key Themes for Today's Municipal Bond Market.

A closer look at the factors that could influence the municipal bond market in the months ahead.

The first half of 2025 brought several notable developments in the municipal bond market. Yields at the long end of the municipal curve (i.e., maturities 10 years and longer) have risen 40 to 70 basis points (bps) from the start of the year, contributing to a slightly negative performance for the Bloomberg Municipal Bond Index through June 20. This was partially driven by uncertainty around the new administration’s fiscal policies, which have also made Treasury bond rates rise somewhat, but municipals have risen more due to very heavy new-issue bond supply.

Recent developments have brought some clarity for municipals on the federal budget side, most notably, that municipal bond interest will remain tax exempt, with no changes coming out of the House and Senate budget bills under consideration near midyear.

Elevated supply has presented the main challenge for the market. Last year, new-issue supply set a record at approximately $500 billion, and this year the amount is ahead of 2024's pace. Issuers have been looking to raise money, after not issuing much debt in the aftermath of COVID-19, and want to tap the market now rather than wait for any policy changes coming out of Washington. Investor demand has been generally strong enough to absorb newly issued muni bonds throughout much of the year, but the increased supply has pressured rates to move higher than other fixed-income markets. Meanwhile, municipal credit fundamentals remain solid, bolstered by the domestic focus of issuers and continued fiscal discipline, so that is helping the market as well.

Continue reading.

lordabbett.com

By Nicholas Bragdon

June 26, 2025

Why Municipal Bonds Are Worthy Core Holdings for Investors.

Tax-exempt bonds have acquitted themselves well through the ups and downs of recent years.

I received a piece of reader feedback after publishing For Investors Who Can Get Beyond Headline Risk, Opportunity Beckons in Bonds that was as actionable as it was succinct. "What about municipals?" wrote in a longtime Morningstar.com reader. Fair question. In an article focused on calendar-year returns for Morningstar's fixed-income indexes, I had neglected the "tax-exempt" market.

The truth is, we at Morningstar are in the mode of thinking of municipals differently. We separate out "Municipal Bond" from "Taxable Bond" in our monthly analysis of asset flows and in research like the Morningstar Diversification Landscape Report. Muni-bond yields are lower because of their tax exemption, so they are something of a different animal.

That said, municipal bonds play a foundational role in many investor portfolios, including mine. In the previous article's quilt chart depicting calendar-year returns for Morningstar's fixed-income indexes, we compared wildly different investment types, from the fixed-rate Morningstar US Core Bond Index to the floating-rate Morningstar LSTA US Leveraged Loan Index. So why not examine the tax-exempt market through the lens of the Morningstar US Municipal Bond Index?

Continue reading.

morningstar.com

by Dan Lefkovitz

Jun 25, 2025

OpenGov Expands Reach, Strengthening Trust in Finance Departments for 103 Million People.

More Than 700 Finance Offices Win GFOA Awards with OpenGov

SAN FRANCISCO, June 23, 2025 /PRNewswire/ — Ahead of the Government Finance Officers Association (GFOA) Annual Conference, OpenGov, the leader in AI and ERP solutions for local and state governments, is building on its momentum in public finance with the release of enhanced Performance Management capabilities and several new budget-focused applications. These updates come as finance leaders seek smarter, more transparent, and more accountable ways to manage public dollars and deliver measurable results.

Today, 103 million Americans live in communities where finance offices rely on the OpenGov Public Service Platform to improve transparency, accountability, and efficiency. In the past year alone, 737 public agencies created GFOA award-winning budget books using OpenGov, underscoring the platform's role in modernizing financial management and building public trust. This ranges from Tampa, Florida, to Boulder County, Colorado, to Greenville, Texas, and countless cities and counties between. Fremont, Ohio, Pelham, Alabama, Groveland, Massachusetts, and many more are also turning to OpenGov to modernize operations.

"Public finance teams are under growing pressure to do more with less…"

"Public finance teams are under growing pressure to do more with less—and to do it faster, more transparently, and with fewer resources," said Zac Bookman, co-founder and CEO of OpenGov. "We're proud to support the leaders who are meeting challenges head-on with tools that make every dollar count."

By next year, more governments will be able to create GFOA award-winning budget books using the OpenGov Public Service Platform and transform their finance operations, including:

- Managing funding lifecycles and automating compliance across multiple grant sources with Grants Management.
- Planning and delivering capital projects on time and on budget with Capital Budgeting & Project Management.
- Tracking strategic goals, linking spending to outcomes, and measuring real-time progress with Performance Management.
- Creating timely, accurate reports that meet the highest standards for transparency and accountability with ACFR Reporting.
- Running their budgeting processes end-to-end through the AI-driven, user-friendly Budgeting & Performance system.
- Streamlining budgeting, procurement, accounting, and reporting in one connected system through the OpenGov ERP.

GFOA attendees can demo these solutions and learn how to create a GFOA award-winning budget book at the OpenGov booth

(301). To learn more about OpenGov's Public Service Platform, visit: https://opengov.com/products/the-public-service-platform/.

About OpenGov

OpenGov is the leader in AI and ERP solutions for local and state governments in the U.S. More than 2,000 cities, counties, state agencies, school districts, and special districts rely on the OpenGov Public Service Platform to operate efficiently, adapt to change, and strengthen the public trust. Category-leading products include enterprise asset management, procurement and contract management, accounting and budgeting, billing and revenue management, permitting and licensing, and transparency and open data. These solutions come together in the OpenGov ERP, allowing public sector organizations to focus on priorities and deliver maximum ROI with every dollar and decision in sync.

Learn more at OpenGov.com.

SOURCE OpenGov, Inc.

Investortools Expands Real-Time Municipal Bond Pricing and Automation with Integration of Spline Data's Predictive Pricing

COLORADO SPRINGS, Colo. & CHICAGO, June 23, 2025–(BUSINESS WIRE) — Investortools, a leading provider of fixed-income software solutions, today announced the integration of Spline Data's Predictive Municipal Bond Pricing into the Investortools platform. This partnership puts real-time pricing into the hands of municipal bond investors and asset managers, enabling tremendous trading efficiency and alpha generation.

Spline Data's pricing model delivers market-tested bond pricing, enabling fund managers and separately managed account (SMA) providers to swiftly evaluate market bonds against precise execution price estimates.

"The predictive pricing model leans heavily on traditional municipal bond trading intuition, providing immediate alpha generation and algo-like efficiency rather than simply meeting compliance requirements with outdated evaluation data," stated Matthew Smith, founder and CEO of Spline Data. "Our integrated data with Investortools is an invaluable resource for traders and portfolio managers looking to immediately modernize their trading workflow in ways previously reserved for only the largest market participants."

Continue reading.

Business Wire

June 23, 2025

Video: Navigating a Choppy Municipal-Bond Market

Capital Group's Courtney Wolf finds compelling yields as volatility creates opportunity.

Key Takeaways

- Municipal bonds have meaningfully underperformed taxable bonds, and the curve move for the year to date in munis explains a lot of this.

- Two factors have likely contributed to this yield move: elevated supply chain and elevated volatility.
- Fundamentals remain pretty robust, so the muni market is in a good spot to handle economic volatility.
- When assessing severe weather-related risks to the muni-bond market, focus on analyzing individual credit profiles and think about valuation: Are you getting paid enough to take that credit risk?
- Ongoing and continued volatility allows active investors to take advantage of opportunities and add bonds to the portfolio that offer strong risk-adjusted returns moving forward.

Watch video.

morningstar.com

by Elizabeth Foos

Jun 25, 2025

This Is the Best-Run City In the U.S., a New Analysis Says. See Where Your City Ranks.

There's a whole list of factors that go into keeping a city running smoothly, not least of which is local leadership. In times of turmoil — whether it's a natural disaster, economic crisis or public health issue — Americans turn to their community leaders for answers. But what exactly sets certain places apart?

A new study from financial site WalletHub seeks to answer that question by analyzing data for 148 of the nation's largest cities.

To determine its rankings, WalletHub looked at dozens of metrics that represent a city's "quality of services" across public finances, education, health, safety, infrastructure and more. After scoring cities across these metrics, WalletHub then compared the data against each city's per-capita budget to determine which are run the best.

Continue reading.

cbsnews.com

By Mary Cunningham

Edited By Aimee Picchi

June 17, 2025 / 7:33 AM EDT / CBS News

Shifting the Burden: States Face Rising Pressure to Fund Disasters Alone - Baker Donelson

Recent statements from the current administration signal a deliberate shift of disaster

responsibility to states, elevating the need for robust, state-led emergency financing and related state statutory authority. States must assess now whether they have the financial tools and governance structure to respond effectively if Federal Emergency Management Agency (FEMA) support is reduced or eliminated.

This alert shares concerns and possible solutions states should consider now in anticipation of a transition away from FEMA funding.

Executive Branch Signals Significant Reduction of FEMA's Role

Per our prior alert, as of April 2025, the administration had issued both an Executive Order directing "state and local preparedness" and an internal memorandum mandating short-term changes to FEMA's Public Assistance thresholds and hazard-mitigation programs effective by June 1 or before the start of the hurricane season.

Continue reading.

Baker Donelson

by Danielle M. Aymond & Wendy Huff Ellard

June 16, 2025

Too Essential to Fail: Lessons from County Fiscal Crises.

When a fiscal crisis strikes a local government, local communities suffer. Fiscal crises mean that there is no money for public safety, no money for pensioners, no money to keep residents' lights on, and no money for the basic services that make for modern life. Just ask the residents of Detroit or Puerto Rico, who lived through those very traumas.

Not all local governments, though, are equally prone to such fiscal crises. There is, in fact, one type of local government that is particularly good at avoiding fiscal crises: counties.

Often called the "forgotten level of government" because of how little scholarly attention they receive, counties have much to teach about fiscal crises. Counties almost never experience fiscal crises. And when they do, they have effectively handled the crises using both federal tools (bankruptcy) and state ones (fiscal intervention).

This Article draws out the lessons of counties for municipal finance. To do so, the Article begins by unpacking the municipal finance regulations that have provided counties with extraordinary fiscal safety. The Article then turns to case studies of the eleven counties that either filed for bankruptcy or had state fiscal interventions since the passage of the Bankruptcy Code in 1978. Those case studies show how counties' finances can (in rare cases) go wrong despite well-designed municipal finance regulations. The case studies also show how counties have successfully responded to those crises through bankruptcy and fiscal intervention.

Using that analysis, the Article concludes with lessons for municipal finance more broadly. That includes lessons for making municipal finance safer for all local governments, lessons for mitigating the risk of municipal finance going wrong, and lessons for handling fiscal crises so as to minimize the human misery that local fiscal crises threaten, and too often, bring.

Continue reading.

Yale Journal on Regulation

by Michael A. Francus

Volume 42 • Issue 2

Population Growth & Municipal Fiscal Outlook: Growing Cities = Higher Revenues + Healthier Reserves

Cities across the nation have unique stories about how they navigate fiscal challenges and population shifts in the post-pandemic era. While some cities are booming with revenue growth, others are seeing sharp declines in population and tax revenues.

As part of the annual City Fiscal Conditions research, the National League of Cities (NLC) collected budgetary data on 263 cities for fiscal years 2022, 2023 and 2024. For this article, we will limit our attention to the data collected for Fiscal Year 2023 since it was the most recent audited financial data at the time the data was collected.

We examine two key categories of cities: Growing Population Cities and Declining Population Cities. A city is classified as growing if its population increased between the 2010 and 2020 decennial censuses, and as declining if its population decreased over the same period. In addition, we will explore how general fund revenues, expenditures and tax structures vary across cities of different population sizes, using per capita data from Fiscal Year 2023.

Continue reading.

National League of Cities

By: Harshita Umesh Tanksali & Farhad Kaab Omeyr

June 18, 2025

S&P U.S. Charter Schools Sector Fiscal 2024 Medians: Per-Pupil Funding And Enrollment Growth Soften Loss Of Federal Stimulus

Key Takeaways

- U.S. charter schools’ median financial metrics remained healthy in fiscal 2024, with modest operating margin compression as expenses remained high and schools had less available Elementary and Secondary School Emergency Relief (ESSER) funding.
- Median state-derived revenue per student increased 11% in fiscal 2024, the largest annual growth rate in more than a decade for charter schools rated by S&P Global Ratings.
- Median enrollment continued to increase in fall 2023 (fiscal 2024), but growth was slower than last year’s increase, partly due to nationwide declines in school-aged population growth and heightened competition.

Continue reading.

23 Jun, 2025 | 15:19

Fitch: U.S. CDSL Sector Resilient Amid Federal Cuts, but Risks Building

Fitch Ratings-San Francisco/New York-18 June 2025: Fitch Ratings in a new report maintains a 'neutral' outlook for the U.S. Community Development and Social Lending (CDSL) sector, despite growing risks from proposed federal spending cuts, higher construction costs, and slowing rent growth. Federal policy changes could disrupt affordable housing programs; however, strong equity buffers and prudent management continue to support sector stability.

Proposed cuts to the Department of Housing and Urban Development (HUD) and the U.S. Department of the Treasury's Community Development Financial Institutions (CDFI) Fund threaten key funding streams for affordable housing, public housing authorities (PHAs), and CDFIs. The president's FY26 budget request includes a 51% reduction in HUD's annual budget, consolidation of rental assistance, and elimination of major block grant programs. Staff reductions and processing delays at HUD could slow disbursements, affecting project timelines and creating operational pressures for issuers reliant on federal support.

Military housing projects are facing rising operating costs, though recent increases in Basic Allowance for Housing rates have provided temporary relief. State housing finance agencies remain resilient, supported by minimal reliance on direct federal funding, strong equity positions, and robust credit enhancements. Larger, established CDFIs are better positioned to manage funding volatility due to diversified funding sources and substantial equity bases.

Tariffs and immigration restrictions are increasing construction costs and exacerbating labor shortages, constraining affordable housing supply and delaying new developments. While proposed expansions to tax credits could help support new supply, ongoing expense growth and policy uncertainty will challenge sector participants.

Fitch believes CDSL issuers with strong reserves, diversified funding, and experienced management are best positioned to manage evolving risks. However, a significant deterioration in macroeconomic conditions, sharp rises in delinquencies, or severe federal spending cuts could weigh on sector credit quality and potentially lead to a revision of the outlook.

The new report can be viewed at www.fitchratings.com.

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Hilltop's Tom Kozlik Says Airports and Colleges are Attractive Muni Plays.

Tom Kozlik, Hilltop Securities head of public policy and municipal strategies, joins 'The Exchange' to discuss opportunities in muni bonds.

Watch video.

cnbc.com

Fri, Jun 20 2025

What's Going on With Muni Bonds?

Nearing the mid-point of the year, it's been a relatively good period for most investment grade bonds. Not so much for municipal bonds.

The iShares Core US Aggregate Bond ETF (AGG) gained 2.85% while the iShares National Muni Bond ETF (MUB) lost 1.29% through June 17. That's a differential of 4.14 percentage points. Both numbers include dividends paid. But the biggest difference between the two funds is that the municipal bond fund is federally tax-exempt as the bonds are issued by states and municipalities, while the US Core Aggregate bond fund is taxable (though part is state tax-exempt for most states). Yet they are quite similar in other ways. Both are high quality, moderate duration, and low-cost bond funds with Morningstar showing the following as of June 11, 2025:

- AGG has an average credit rating of AA-, while MUB is rated at AA.
- AGG's effective duration is 5.81, while MUB's is 6.76.
- AGG's annual expense ratio is 0.03%, while MUB's is 0.05%.

Continue reading.

Yahoo Finance

by Allan Roth

Sun, June 22, 2025

Easterly High-Yield Muni Fund Plunges Nearly 50% in Sales Dump.

Easterly Funds' high-yield municipal-bond fund has dropped almost 50% since Friday as the portfolio unloaded illiquid securities from the riskiest part of the muni market, according to people familiar with the matter.

The Easterly RocMuni High Income Municipal Bond Fund net-asset value fell to $3.16 on Monday from $6.15 on Friday morning. Its assets have declined to about $67 million from about $245 million at the end of February.

“The fund was repositioned to improve liquidity and continues to seek investment opportunities,” Nneka Etoniru, a spokesperson for Easterly, said in an emailed statement. Etoniru said the fund is not liquidating.

Continue reading.

Bloomberg Markets

By Martin Z Braun

June 17, 2025

Investing in High Yield Munis: Nuveen

View article.

Posted June 16, 2025 by Ben Carlson

Easterly High-Yield Muni Fund Plunges Nearly 50% in Sales Dump.

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Continue reading.

Bloomberg Markets

By Martin Z Braun

June 17, 2025

Muni Bonds Have a Buying Opportunity Amid Tax Exemption Concerns – Wells Fargo

Wells Fargo analysts are seeing a buying opportunity in municipal bonds.

Recent volatility in the municipal bond market presents a buying opportunity for investors, said Tony Miano, investment strategy analyst at Wells Fargo Investment Institute.

Discussions in Congress regarding potential changes to the tax-exempt status of municipal bonds have triggered significant market fluctuations over the past several months, with municipal yields spiking after comments from a Trump advisor in early April.

In early April, Trade Advisor Peter Navarro downplayed the market reaction to tariffs as "no big deal." Following this commentary, municipal yields spiked and have remained elevated.

Despite the recent volatility, Wells Fargo's team does not anticipate substantial risks to the tax-exempt status of municipal bonds, citing the narrow Republican majorities in both chambers of Congress that make controversial tax changes difficult to implement.

Continue reading.

As Active Bond ETF Demand Picks Up, Here Are 2 Options.

One of the prevailing trends in the ETF industry has been the proliferation of active funds. Based on results from Trackinsight's Global ETF Survey 2025. This has been further highlighted by the rise of active bond funds. That gives fixed income investors a pair of options to consider from Vanguard's ETF suite.

From a global perspective, fixed income ETFs have witnessed exponential growth. Fixed income ETF assets have already exceeded $2.6 trillion. That includes more than $1.9 trillion in assets amassed in the U.S.

Regarding passive versus active strategies in fixed income, passive funds still command the lion's share when it comes to preferred investment strategies. However, their piece of the proverbial pie is dwindling.

Continue reading.

etftrends.com

by Ben Hernandez

June 18, 2025

SIFMA US Municipal Bonds Statistics.

SIFMA Research tracks issuance, trading, and outstanding data for the U.S. municipal bond market. Issuance data is broken out by bond type, bid type, capital type, tax type, coupon type and callable status and includes average maturity. Trading volume data shows total and average daily volume and has customer bought/customer sold/dealer trade breakouts. Outstanding data includes holders' statistics. Data is downloadable by monthly, quarterly and annual statistics including trend analysis.

YTD statistics include:

- Issuance (as of May) $221.7 billion, +12.7% Y/Y
- Trading (as of May) $15.4 billion ADV, +20.9% Y/Y
- Outstanding (as of 1Q25) $4.2 trillion, +3.1% Y/Y

Download xls

June 12, 2025

CUSIP Request Volumes for New Corporate and Municipal Securities Increase in May.

NORWALK, Conn., June 12, 2025 (GLOBE NEWSWIRE) — CUSIP Global Services (CGS) today announced the release of its CUSIP Issuance Trends Report for May 2025. The report, which tracks the issuance of new security identifiers as an early indicator of debt and capital markets activity over the next quarter, found a monthly increase in request volume for new corporate and municipal identifiers.

North American corporate CUSIP requests totaled 7,835 in May, which is up 2.1% on a monthly basis. On an annualized basis, North American corporate requests were up 3.7% over May 2024 totals. The monthly increase was driven by an 8.2% rise in request volume for U.S. corporate debt identifiers, a 13.8% increase in requests for certificates of deposit (CDs) with maturities shorter than one year and a 5.7% increase in requests for CDs with maturities longer than one year.

The aggregate total of identifier requests for new municipal securities – including municipal bonds, long-term and short-term notes, and commercial paper – rose 24.6% versus April totals. On a year-over-year basis, overall municipal volumes were up 21.3% through the end of May. Texas led state-level municipal request volume with a total of 154 new CUSIP requests in May, followed by New York (113) and California (109).

"With the jury still out on the future of potential interest rate cuts in the U.S., issuers were coming to the market at a healthy clip in May," said Gerard Faulkner, Director of Operations for CGS. "Perhaps most noteworthy is the monthly surge we've seen in request volume for new short-term CD identifiers, which suggests that at least some market participants are banking on high rates sticking around for a while longer."

Requests for international equity CUSIPs rose 23.3% in May and international debt CUSIP requests rose 21.1%. On an annualized basis, international equity CUSIP requests were up 18.2% and international debt CUSIP requests were up 14.5%.

To view the full CUSIP Issuance Trends report for May, please click here.

S&P U.S. Public Finance Rating Activity Brief: May 2025

Key Takeaways

- There were more than 1,130 rating actions across USPF through May 31, 2025.
- Upgrades outpaced downgrades in the local governments, housing, and transportation sectors.
- Downgrades outpaced upgrades in the public power, education, health care, charter schools, and utilities sectors.
- Upgrades exceeded downgrades and unfavorable outlook revisions exceeded favorable outlook revisions year-to-date.

Continue reading.

9 Jun, 2025

S&P Updated 2025 U.S. Transportation Infrastructure Activity Estimates: Eroding Port Volumes And More Tempered Growth Across Asset Classes

Key Takeaways

- An evolving macroeconomic and trade environment is driving modifications to our Jan. 9, 2025 activity measures across the U.S. transportation infrastructure asset classes, with the largest impact on ports, reflecting the rippling effects of significantly higher tariffs. There is no change to our stable sector outlooks at this time.
- We believe trade disputes between the U.S. and its partners, resulting in a significant increase in the overall effective U.S. tariff rate, will erode port container volumes in the near term. We forecast U.S. port volumes, as measured by twenty-foot equivalent units (TEUs), will decrease about 4% in calendar 2025, revised from a 0.7% decline estimated in January, with the overall calendar-year impact somewhat mitigated by the surge in volume before the tariff announcements on April 2.
- Most U.S. large container ports have financial headroom to withstand trade volatility but a prolonged disruption or more gradual volume declines would pressure credit quality if not addressed by management.
- We expect weaker, but still positive, U.S. economic conditions will result in slower and more tempered growth for the airport sector, with limited effects on ridership recovery for transit operators and benign impacts on the toll road sector, aided by falling fuel prices.

Continue reading.

9 Jun, 2025

Forbes: Colleges Big And Small Issue Bonds Amid Political Chaos And Trump’s Higher Ed Assault.

The threat of federal funding cutbacks turned 2024 into a record year for higher education

bond issuance. 2025 is on track to beat it.

As the Trump administration wages its war on American colleges, schools are shoring up liquidity and taking on new debt while they wade through financial uncertainty. Debt issuance—tax-exempt and taxable—has increased this spring, says Jennifer Johnston, a senior vice president and director of municipal bonds research research at Franklin Templeton. "2024 was a record issuance year and we are currently going to outpace that if this trend keeps up," she says. "Last week we saw what was the second largest week of issuance, and it's all coming at a time, [summer], where issuance usually slows." According to data from investment firm Janney Montgomery Scott, 99 colleges and universities have issued $20.8 billion in public debt so far this year, up from $17 billion by 71 institutions at the same time last year.

The elite, name-brand schools—which have borne the brunt of Trump's attacks on higher education revenue, especially to research dollars—are beefing up their liquidity while they can, explains Jessica Wood, a senior director at ratings agency S&P Global. Despite its $50-plus billion endowment Harvard, Trump's current favorite target, has issued bonds twice this year, totaling $1.18 billion. Other "wealthy" top schools, MIT, Northwestern, Princeton, Stanford and Yale have also issued new debt this spring. The group as a whole, which have endowments totaling $152 billion, or more than $2.1 million on average per student, have issued no less than $3.45 billion in both tax exempt and taxable municipal bonds. "We are seeing a lot of higher education institutions issuing taxable debt, which gives a borrower more flexibility in terms of what they're going to use the proceeds for," says Johnston. "We've seen a lot of the Ivies issuing debt for cash purposes to sock away for the future."

But smaller colleges are also entering the bond market, worried about market uncertainty and potential limitations on access to tax-exempt debt. While it wasn't included in the final version of the House of Representatives' "big, beautiful bill," there have been efforts by Congress to change the tax law to rid individual colleges of their tax-exempt status or make it harder for schools to access tax-exempt municipal bonds. Schools are also issuing debt they had planned for the fall in an effort to get ahead of any federal policy changes. "They're not pinched in terms of liquidity, but they're trying to keep options open," Wood says of the smaller schools. "So some capital projects that they might have funded from their own reserves, if they have a little bit of debt capacity right now, they're exploring that as an option."

Dozens of colleges sold or will sell bonds this month. Among them are Holy Family University in Philadelphia, which issued $13.7 million in tax-exempt bonds last week to finance capital projects, including the construction of a new welcome center and field house, and renovations to the nursing building. The Catholic University of America in Washington D.C. issued $111 million in bonds to refinance existing debt and pay for capital projects, including facilities upgrades. Suffolk University in Massachusetts issued $110 million in tax-exempt bonds, some of which will fund a $42.5 million total renovation of the humanities building. In Kansas, Washburn University issued $25.3 million in bonds for facilities upgrades and debt refinancing.

Despite the myriad political attacks, S&P remains confident in top schools. The outlook for small, tuition-dependent colleges is more tenuous. "We have a bifurcated outlook on the sector for the year," Wood says. "What it means is that we're negative for less selective, less flexible, lower rated institutions that tend to be more regional, but we remain stable for the higher end of institutions."

Forbes

By Emma Whitford

Jun 10, 2025,

Big Waves and High Tides Can Be Just as Insidious as Hurricanes.

Cities on every coast are facing hard, expensive decisions because of the seemingly more mundane effects of a warming planet.

A couple of days before Christmas last year, battered by heavy waves, the end of the half-mile-long Santa Cruz Municipal Wharf unexpectedly tumbled into Monterey Bay.

A tourist magnet claiming to be the longest fully wooden structure of its kind in the Western hemisphere, the wharf was open for business when the collapse happened, forcing visitors and workers to evacuate. Two engineers and a project manager at the wharf's terminus fell in the water but escaped serious injury. Some heavy construction equipment and a large public restroom weren't so lucky.

The collapse, triggered by waves that may have been up to 30 feet high, came just a year after another winter storm had damaged the same section of pier (a storm that came one year after another winter storm hit Monterey Bay). The construction equipment and workers were there to help with repairs. For much of the past decade, Santa Cruz had planned wharf upgrades that included a "landmark" building on the section that fell in the drink. Now even the idea of simply restoring the missing part of the wharf, a $14 million project, is up for debate.

Continue reading.

Bloomberg Opinion

By Mark Gongloff

Mark Gongloff is a Bloomberg Opinion editor and columnist covering climate change. He previously worked for Fortune.com, the Huffington Post and the Wall Street Journal.

June 13, 2025

Navigating the Chaos: Embracing Selectivity in Today's Municipal Bond Market.

Navigating Today's Investment Landscape Amid the Old & New Chaos

The investment environment remains chaotic. Volatility, uncertainty, and a flood of competing narratives have created a sense of and some actual dislocation across markets. While this affects all asset classes, the municipal bond market is undergoing particularly meaningful shifts—both in fundamentals and investor behavior.

Continue reading.

by Tom Kozlik, HilltopSecurities

June 11, 2025

Finding Opportunity in Today's Muni Bond Market.

The muni bond market includes over 50,000 issuers and a wide range of bond types such as school district bonds and revenue bonds linked to airports or housing authorities. This diversity offers investors many options to fit different risk and return profiles. Municipal bonds also provide federally tax-free income, which is especially valuable in today's environment with higher tax rates and interest rate fluctuations. Additionally, munis tend to be resilient when interest rates rise and offer strong diversification benefits to balance equity portfolios.

Strategies like the one behind the ALPS Intermediate Municipal Bond ETF (MNBD) highlight the potential benefits of thinking beyond mainstream muni market preferences, leveraging less crowded areas to generate strong risk-adjusted returns.

Spotlight on MNBD's Approach

Managed by Greg Steer and his team of experienced portfolio managers, MNDB uses a bottom-up, valuation-driven process focused on risk-adjusted returns rather than chasing popular bond segments. The strategy emphasizes finding attractively priced bonds that are not popular with most investors, balancing longer duration zero coupon bonds with floating rate notes to manage interest rate risk, selecting high-quality revenue bonds that offer reliable income and strong credit profiles and maintaining liquidity reserves to stay flexible in volatile markets.

Continue reading.

etftrends.com

by Zandile Chiwanza

June 11, 2025

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.

Continue reading.

Bloomberg Markets

By Arvelisse Bonilla Ramos

June 9, 2025

BlackRock Sees Muni Buying Opportunity Ahead of Strong Season.

BlackRock Inc. strategists say it's time to buy municipal bonds as supply is ample and prices are favorable ahead of the summer.

Munis have weathered a number of challenges including rising interest rates, tariff chaos, US deficit concerns, a hawkish Federal Reserve and the US losing its last top credit rating, according to strategists led by Patrick Haskell in a Tuesday note.

In May, state and local government debt outperformed Treasuries delivering a total return of .06%, compared with a loss of 1.03%, according to data compiled by Bloomberg.

Continue reading.

Bloomberg Markets

By Elizabeth Rembert

June 10, 2025

NASBO Overview of FY26 Proposed Budget Summaries.

View the Budget Summaries.

S&P U.S. State Ratings And Outlooks: Current List

View the current list.

5 Jun, 2025 | 15:28 United States of America

S&P: History Of U.S. State Ratings.

View the S&P history.

5 Jun, 2025

S&P Updated 2025 U.S. Transportation Infrastructure Activity Estimates: Eroding Port Volumes And More Tempered Growth Across Asset Classes

Key Takeaways

- An evolving macroeconomic and trade environment is driving modifications to our Jan. 9, 2025 activity measures across the U.S. transportation infrastructure asset classes, with the largest impact on ports, reflecting the rippling effects of significantly higher tariffs. There is no change to our stable sector outlooks at this time.
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Continue reading.

9 Jun, 2025 | 18:53

S&P: Federal Disaster Relief Funding Proposals Could Elevate Credit Risks For U.S. Governments

Key Takeaways

- The Federal Emergency Management Agency (FEMA) plays a critical role in disaster response, historically providing a reliable funding source in supporting recovery and rebuilding efforts after an event.
- States and local U.S. governments could bear a higher share of the funding responsibility for recovery should federally proposed changes to the parameters for disaster declarations come to fruition.
- S&P Global Ratings believes that, beyond the human toll on communities following an event, a higher threshold to qualify for FEMA assistance could lead to lasting financial and credit pressure for states and local governments, particularly if they are unable to adapt to policy or financial shifts in a timely manner.

What Is Happening And How Could It Affect Credit?

The federal government is reconsidering FEMA's role in disaster preparedness, response, and recovery activities, a financial and operational responsibility it currently shares with state and local governments. FEMA is the primary federal agency tasked with coordinating response and recovery efforts, but is considering shifting the natural disaster recovery costs to states and local governments. These potential modifications come on the heels of the announcement earlier this year of the elimination of the Building Resilient Infrastructure and Communities (BRIC) program and the cancellation of applications from 2020-2023, returning any grant funds not yet distributed to the disaster relief fund or the Treasury.

Continue reading. **[Free registration required.]**

4 Jun, 2025

Fitch Revises U.S. Water and Sewer Sector Outlook to Deteriorating Amid Rising Costs.

Fitch Ratings-Austin-05 June 2025: Fitch Ratings has revised its outlook for the U.S. water and sewer sector to deteriorating from neutral. This change is largely due to a higher effective tariff rate (ETR) affecting the sector and rising inflationary pressures.

Although many tariffs are on hold, the ETR remains significantly higher than a year ago. The U.S. water and sewer sector is capital intensive and often relies on materials and equipment from international suppliers, which is driving up costs. While some utilities are proceeding with projects and adjusting rates, others are pausing bids and adopting a "wait-and-see" approach.

"Through 2024 and into 2025, most utilities adapted to the 'new normal' operating environment with higher costs for supplies, personnel, and contractors compared to pre-pandemic levels," said Audra Dickinson, Senior Director, U.S. Public Finance. "In addition to renewed inflationary pressure, the sector faces a higher ETR and greater uncertainty around federal policy, creating more challenging business conditions. Fitch will continue to evaluate each utility's response and the potential impact on credit quality."

Despite the sector's deteriorating outlook, most Fitch-rated water and sewer utilities have Stable Rating Outlooks. Disciplined rate actions have supported cost recovery, but financial metrics and ratings could face pressure if policy changes drive tariffs and the ETR to unprecedented levels.

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Additional information is available on www.fitchratings.com

Fitch U.S. Water and Sewer Mid-Year Outlook 2025.

Fitch Ratings has revised its water and sewer sector outlook to deteriorating due to higher tariffs and inflationary pressures. The federal administration's proposed fiscal 2026 budget includes a drastic cut to SRF funding, adding to the sector's uncertainty.

Access Report

Thu 05 Jun, 2025 – 9:17 AM ET

A Discerning Fund Amid Growing ESG Bond Market.

Environmental, social, and governmental (ESG) investing is proving to be a prevailing trend. Amid a growing bond market, consider a specific ETF from Vanguard.

The equity market wasn't the only asset that got struck with volatility in April. Bonds were also hit, including tried-and-tested debt issues like municipal bonds. One corner of the bond market that exhibited resilience, however, was green bonds.

"Even as municipal bonds sagged in April amid greater supply and worries that trade wars would boost inflation, the green bond market held steady," explained Morningstar.

Continue reading.

etftrends.com

by Ben Hernandez

June 6, 2025

The Investment Conversation: Taking the Measure of Municipal Bonds at Midyear - Lord Abbett Podcast

In this podcast, Lord Abbett Portfolio Manager Dan Solender examines the factors likely to drive municipal-bond market performance in the second half of 2025.

Listen to Podcast.

June 5, 2025

An Easy Way to Get Muni Exposure as Issuance Rose in May.

According to Bond Buyer, municipal bond issuance grew in the month of May by 3.6% versus a year ago. It creates an opportunity for fixed income investors to get exposure if they haven't already via a fund like the Vanguard Tax-Exempt Bond ETF (VTEB A+).

VTEB provides an easy ingress for income seekers to add muni exposure without having to research the vast universe of muni bonds available. The fund provides all-encompassing exposure by tracking the Standard & Poor's National AMT-Free Municipal Bond Index. This index encompasses the investment-grade segment of the U.S. municipal bond market, giving investors only quality debt issues, which is important during times of market uncertainty like now.

Furthermore, VTEB is heavily diversified with the fund holding under just 9,800 bonds as of April 30. The 30-day SEC yield is at 3.91%. Of course, a prime feature of munis is their tax-free income. VTEB includes debt issues from state or local governments or agencies whose interests are exempt from U.S. federal income taxes, and the federal alternative minimum tax.

Continue reading.

etfdb.com

by Ben Hernandez

Jun 09, 2025

S&P Report Card: U.S. Transportation GARVEEs Remain Stable Amid An Evolving Federal Policy Environment

Key Takeaways

- We believe U.S. federal agencies will continue to support highway and transit grant programs funded from the Highway Trust Fund (HTF) as required by current law and this will continue in subsequent surface transportation authorizations.
- Many grant anticipation revenue vehicle (GARVEE) issuers in our rated sector have contingency plans if, for any reason, federal funding is unavailable in the near term, and most have robust liquidity and coverage in the event of delays or rescissions.
- Highway and transit project cost inflation will likely be exacerbated by any tariffs on construction materials and wage growth, eroding the financial benefits of federal grants and overall infrastructure spending.
- Our analysis of key GARVEE sector financial metrics for fiscal 2024 shows continued stability across rated issuers, with a median maximum annual debt service (MADS) coverage of 10.0x that, combined with limited near-term debt plans, supports our stable outlook for the subsector.

Continue reading.

29 May, 2025

[S&P U.S. Municipal Water And Sewer Utilities Rating Actions, First-Quarter 2025]

Overview

S&P Global Ratings took 46 rating actions, made 13 outlook revisions, and placed 23 ratings on CreditWatch within the U.S. municipal water and sewer utilities sector in first quarter of 2025. We also affirmed 90 ratings with no outlook revisions.

View the S&P Rating Actions.

27 May, 2025 | 17:18 United States of America

S&P U.S. Brief: U.S. Supreme Court Split Decision On St. Isidore Supports Credit Stability For Charter Schools

On May 22, 2025, the U.S. Supreme Court issued a split decision effectively upholding a lower court ruling that blocked the establishment of a religious charter school in Oklahoma. In S&P Global Ratings' opinion, the outcome supports credit stability for the charter school sector by maintaining the long-standing funding framework under existing charter school laws. However, the lack of a definitive ruling means the decision could allow the court to possibly reconsider the issue in a future case.

Continue reading.

27 May, 2025

S&P: U.S. Public Finance Issuers' Inconsistent Cyber Security Faces State-Backed Threats

Key Takeaways

- Sovereign-sponsored and politically motivated cyber attacks are targeting U.S. critical infrastructure, according to warnings by the U.S. Cybersecurity and Infrastructure Agency (CISA) and the FBI.
- Utilities' exposure to cyber risks are exacerbated by widespread failure to implement all federal cyber security standards. Smaller water systems appear particularly vulnerable, due to investment constraints, limited industry-level cooperation, and inconsistent application and quality of cyber risk oversight frameworks.
- Rated issuers in the transportation sector have a generally higher degree of cyber risk awareness, according to anecdotal evidence from meetings with management teams, though risk to fiscal health and operational services remains.

Foreign state-backed cyber attacks on U.S. infrastructure, including utilities and transport operators, continues to be a threat to both safety and critical services, according to warnings by U.S. security agencies including the Cybersecurity and Infrastructure Agency (CISA) and the FBI. At the same time, wide variations in the adoption and application of cyber security practices means many issuers, particularly among utilities, are failing to meet minimum federal standards aimed at preventing a breach by cyber criminals.

The targeting of U.S. public finance issuers, and the sector's cyber security preparations, were chief among the subjects discussed at S&P Global Ratings' recent U.S. Public Finance Credit Spotlight: The Changing Face Of Cyber Risk In U.S. Critical Infrastructure. The webinar also featured a fireside chat with Cyrus Bulsara, Chief Information Security Officer of Scripps Health.

Utilities' Varied Reponses

The potential for U.S. critical infrastructure providers to suffer disruption and damage by cyber criminals was highlighted by a May 2024 Environmental Protection Agency report, "Enforcement Alert: Drinking Water Systems to Address Cybersecurity Vulnerabilities," which noted that about 70% of utilities inspected by federal officials over the last year were found to be in violation of standards intended to prevent cyber breaches. The prospect of a cyber incident at a water and sewage system supplier could be exacerbated by the absence of standard cyber security and hygiene guidelines that apply to operators.

"Smaller water systems were found to be particularly vulnerable," said Jenny Poree, S&P Global Ratings analyst and sector leader U.S. Water & Sewer Utilities." Moreover, the closing of those vulnerabilities faces myriad challenges including competing demands for financial and management resources, limited cooperation and sharing of resources by entities that have sophisticated cyber security operations, and weak or inconsistent cyber security frameworks."

The webinar also discussed the potential impact of prospective changes to staffing levels at government agencies involved in cyber security and resilience, including CISA and the National Security Agency (NSA), and the potential for funding cuts to organizations including the Multi-State Information Sharing and Analysis Center (MS-ISAC).

Transportation: Providing A Path To Follow

On a more positive note, the webinar heard that transportation sector issuers rated by S&P Global Ratings generally demonstrate a high degree of cyber risk awareness. "We discuss in our management meetings and receive assurances from operators that they continue to embed cyber security into overall risk mitigation strategies and that these are reported to their governing boards," said Kurt Forsgren, S&P Global Ratings analyst and sector leader U.S. Transportation.

The webinar participants agreed that cyber criminality is evolving and often innovating, though incidents were often traceable to well-understood but difficult to manage vulnerabilities, including hacks that leverage social engineering and third-party vendors. And there was consensus that issuers' best defense against cyber criminality remains pro-active cyber risk management, including the enforcement of plans and protocols that reinforce good cyber hygiene and the purchase of cyber insurance.

29 May, 2025

WSJ: How Your Town Can Feel the Weight of the National Debt.

Rising bond yields are lifting long-term interest rates for some local governments

Key Points

- House bill advancing increases deficits, unsettling debt market and pushing municipal borrowing costs higher.
- Treasury rates rose after House passed budget bill that would add nearly $3 trillion to national deficit.
- Federal policy has previously led to higher interest costs for local governments, such as after Trump's tariffs.

City and state borrowing costs edged up this past week when House lawmakers advanced a bill that would increase deficits. With concerns about federal spending pressuring the bond market, here is what to know about how U.S. borrowing may affect your state or local government.

The details

Yields crept upward on some long-dated municipal bonds after expectations of increased federal borrowing unsettled the debt market. Some Chicago airport bonds maturing in 2053 traded at 5.15% this week, the highest level since President Trump's tariff's broadside in early April. Yields also increased on bonds that raised money for Texas toll roads and student housing at the University of Tennessee.

The context

While local governments get some federal dollars such as grants toward education and policing, they mainly rely on revenue from local sources such as property and sales taxes. The amount they pay to borrow, however, is affected by longer-term Treasury rates. Those rose after the House passed a budget bill that would increase projected federal budget deficits by nearly $3 trillion through 2034. That is because the Treasury would likely sell bonds to fund all that spending and the flood of new debt might require them to offer higher rates to find enough buyers.

The big picture

It isn't the first time this year that federal policy has led to higher interest costs for local governments. Muni rates jumped after Trump first announced wide-ranging tariffs in early April, unsettling the market.

Muni fallout from an uptick in the national debt is more unusual. America's deficit spending rarely bothers investors much. And when federal dollars flow to highways or national parks, local economies often benefit. Plus the federal government helps cities and states secure lower rates from investors by not collecting income taxes on muni bond interest.

A few municipal borrowers are dependent on the federal government though, and they are hurting. For example, Moody's Ratings recently downgraded the credit of Washington, D.C., and the Smithsonian Institution.

The Wall Street Journal

By Heather Gillers

May 26, 2025

A Tipping Point for Public Cash Managers.

They must soon decide whether tariffs will push money market rates above or below market expectations — and place their bets. But shrinking tax receipts and federal cost shifting are likely to have a bigger budgetary impact.

Money market interest rates have held quite steady this year while the stock market, long-term bonds and financial futures have bobbed and weaved in response to turbulent tariff news and shifting views of recession risks. Public treasurers and cash managers have lost nothing so far by staying ultra-short in their portfolio maturities, but external, outsourced managers running public money against popular indexes in the one- to three-year range have outperformed most others. That's because notes maturing in 2026 and 2027 have produced capital gains on top of coupon income, resulting in total returns this past year of 6 percent versus 4-ish percent for those who stayed short.

But that's now just history. The challenge for public cash managers is what to do next.

Normally, interest rates on bonds and money market instruments give investors a higher yield for longer maturities to reflect liquidity preference, market segmentation and market risk on longer-term paper. The current yield curve for U.S. treasuries is showing a relatively rare configuration: a "swayback" formation in which yields for investments maturing between four and 30 months are successively lower but thereafter increase as maturities lengthen, as would normally be expected. Therein lies the challenge for today's governmental money managers.

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governing.com

OPINION | May 27, 2025 • Girard Miller

How Climate Change May Be Reshaping the Landscape for Municipal Debt Issuances.

In an era marked by intensifying wildfires, rising seas, and increasingly severe weather, climate change may be transforming how America looks and lives — and soon, how municipalities borrow to grapple with the evolving realities of a changing environment. Even though the science is clear about climate change and the costs are mounting, the evolution of the municipal bond markets seems slow across the nation. However, for investors in municipal debt, this disconnect raises a critical question: How long can climate risk go unpriced for their risk appetite?

In this article, we will take a closer look at the impact of climate change on municipal & state governments and the progress towards evolving municipal debt landscape thus far.

The Mounting Toll of Climate Change

Let's start with the facts. According to the National Centers for Environmental Information, the United States experienced 27 separate billion-dollar disasters in 2024, costing a total of $182.7 billion and resulting in hundreds of deaths. Compare that with the 1990s, when the country averaged fewer than six such disasters per year.

Continue reading.

dividend.com

by Jayden Sangha

May 27, 2025

If Anything, Bond Markets are Returning to Normal.

A lot of people are worried about the level of US interest rates. “I think we should be afraid of the bond market,” billionaire investor Ray Dalio said last week. To other observers, the bond market is “barfing,” “signaling a dire scenario for the economy,” “shaking Wall Street,” “sending a warning to Congress,” “giving stock-market investors the yips,” “worrying that something may be breaking beneath the surface” or just plain “breaking.”

I don’t see what all the fuss is about. There is nothing unusual about the current level of interest rates or their recent movement. If anything, this is a yawningly normal interest rate environment.

For perspective, the benchmark 10-year Treasury yield, at 4.5%, is more than a percentage point lower than its historical average of 5.6% since the 1950s (for finance wonks, a negative 0.3 sigma). Even if you remove the period from 1980 to 1985 in which the 10-year yield was persistently above 10%, that historical average declines only modestly to 5.1%, still well above the current yield.

Nor is the recent interest rate volatility all that unusual. Yes, the 10-year yield has bounced around a bunch since the White House’s tariff announcement on April 2. But similar — and always temporary — spikes in volatility were common throughout the 1970s and 1980s and have occurred regularly during every decade since then, including the current one.

So, why all the griping about bond yields? One reason may be that people aren’t used to a normal interest rate environment. The US only recently emerged from an unusually long period of low rates — the 10-year hasn’t topped 5% since before the 2008 financial crisis, even though it was higher than that about half the time since the 1950s.

Also, there’s always something to dislike about interest rates. When rates were at historic lows for more than a decade after the financial crisis, critics complained that cheap debt would encourage risk taking and overinvestment in sectors that rely heavily on borrowing, such as real estate and private equity. They were right. Low interest rates did encourage real estate investment, which, in the case of housing, drove up prices and constrained supply. Low rates also made private equity more lucrative, which allowed PE firms to raise trillions of dollars with which to gobble up broad swaths of the US economy.

A normal interest rate environment should help wring out those distortions. It should also encourage the federal government to reckon with its own excesses. Deficit spending made sense when money was cheap, particularly for investment or to bolster the economy during the Covid pandemic. Now that rates are higher and the economy is growing, policymakers should trim the deficits and shrink the US’s historically high debt relative to gross domestic product.

If they don’t, interest rates could rise to truly concerning levels. The Trump administration is taking two big gambles on rates. One is the budget bill making its way through Congress, which, in its current form, could add as much as $5 trillion in deficits over the next 10 years. The White House is betting that growth will more than offset additional deficits and bring down debt-to-GDP. A second gamble is that tariffs won't kick up inflation and thereby lift interest rates, either because the threat of higher levies will ultimately result in lower trade barriers or because companies will internalize the cost of tariffs rather than pass them on to consumers.

The bond market will be the judge. If the 10-year yield drifts above its historical average and approaches, say, 7% or 8%, which would still be well within a normal historical range (roughly 1 sigma), that will be a sure sign that the market has lost confidence in Congress's ability to manage the debt or the White House's ability to execute a tariff war without stoking inflation.

As things stand, though, interest rates need not interfere with sound fiscal policy. If the US can limit deficits to 3% of GDP, as Treasury Secretary Scott Bessent has pledged to do, debt-to-GDP should drop to 80% by 2050 from closer to 120% today. That assumes nominal GDP growth of 5% a year, comprised of the Federal Reserve's 2% inflation target and 3% real growth, or some combination of the two.

Interest on the debt as a percentage of the federal budget would also decline significantly, even if rates stay where they are. Assuming an average interest rate of 5% on federal debt, which is well higher than the most recent rate of closer to 3.3%, interest payments as a percentage of the budget would fall to 16% by 2050 from about 26% today. That assumes a total budget of 25% of GDP, roughly the size Congress is currently contemplating.

Still, if the current 10-year Treasury yield seems too high, consider that there are good economic reasons why it has averaged around 5% historically. The base of that rate is inflation, which, if things go according to the Fed's plan, will run somewhere in the range of 2% to 2.5% long term. The Fed also aims for a short-term interest rate that is about 0.5 to 1 percentage point above the inflation rate, which closely matches the historical average yield on three-month Treasury bills. To lend for longer, investors usually demand a premium, which has averaged 1.6 percentage points for 10-year Treasuries relative to T-bills since the 1980s. The sum of those variables is a 10-year yield in the range of 4% to 5%, precisely where we are today.

The current 10-year yield, in other words, is a sign that the bond market is functioning normally. It may not stay that way given the gathering risks, notably credible estimates that deficits will continue to run well higher than 3% of GDP. But for now, there's no reason to fear the bond market.

advisorperspectives.com

by Nir Kaissar of Bloomberg News, 5/29/25

Long Munis Suffer on Tariff and Tax Fear as Short Bonds Gain.

(Bloomberg) — Muni investors seeking nearly instant gratification are being rewarded for their eagerness.

State and local debt is often seen as a buy-and-hold investment, but in 2025 bonds maturing in under a year are performing the best of all muni segments, according to data compiled by Bloomberg. The municipal short-term index has jumped 1.3% — the biggest year-to-date gain since at least 2012 — while most other Bloomberg municipal indexes have posted losses.

While yields for benchmark state and local debt maturing in 30 years have climbed almost 67 basis points this year, they've shrunk nearly 36 basis points for bonds due in three and six months.

Continue reading.

Bloomberg Markets

By Shruti Date Singh

Tue, May 27, 2025

Muni Market Braces for 'Mega Calendar' of Fresh Supply Next Week.

The municipal-bond market is gearing up for a surge of supply in the coming week, adding to the onslaught of issuance seen in 2025.

JPMorgan Chase & Co. strategists are calling for $17.7 billion of tax-exempt bond sales next week, which would be the third-largest amount on record. They dubbed it a "mega calendar."

"It's a big week," said Christopher Lanouette, a Boston-based managing director and portfolio manager at CIBC Private Wealth Group LLC.

Continue reading.

Bloomberg Markets

By Amanda Albright

May 30, 2025

Long Munis Suffer on Tariff and Tax Fear as Short Bonds Gain.

Muni investors seeking nearly instant gratification are being rewarded for their eagerness.

State and local debt is often seen as a buy-and-hold investment, but in 2025 bonds maturing in under a year are performing the best of all muni segments, according to data compiled by Bloomberg. The municipal short-term index has jumped 1.3% — the biggest year-to-date gain since at least 2012 — while most other Bloomberg municipal indexes have posted losses.

Continue reading.

Bloomberg Markets

By Shruti Singh

May 27, 2025

[Policy Ambitions, Market Reactions Keep the Municipal Bond Window Wide Open.]

- The current market dynamic—and the attractiveness of municipal yields—are being shaped by a mix of optimism and realism. Key drivers include tariff-related uncertainty, elevated supply in the primary market, heightened investor demand for stronger credit quality, growing concerns over federal fiscal strain, and the recent Moody's downgrade of U.S. sovereign debt.
- Municipal bond yields remain near the peak of generational highs, offering a rare opportunity to lock-in high-quality, tax-advantaged income amid policy uncertainty and market volatility
- In today's relatively higher rate environment, investors can look beyond yield alone and carefully consider structure. Combining defensive features, longer duration, extended call protection, and lower coupons can help reduce reinvestment risk, improve long-term returns, and strengthen a portfolio's resilience across different interest rate scenarios.

Continue reading.

advisorhub.com

by HilltopSecurities

May 29, 2025

S&P Global Tariff Tracker: Rating Actions As Of May 16, 2025.

S&P Global Ratings believes there is a high degree of unpredictability around policy implementation by the U.S. administration and possible responses–specifically with regard to tariffs–and the potential effect on economies, supply chains, and credit conditions around the world. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential and actual policy shifts and reassess our guidance accordingly [see our research here: spglobal.com/ratings].)

This report does not constitute a rating action.

In response to investors' ongoing interest in tariff impacts on global trade and its corresponding credit effects on issuers we rate, S&P Global Ratings is publishing a biweekly update of rating actions we have taken globally on nonfinancial and financial corporate, sovereign, U.S. public finance, international public finance, and structured finance entities (see list of article titles below), as well as a summary table and supporting charts.

These are public ratings in which 2025 tariff pronouncements are a primary driver of the action. Rating actions may include upgrades, downgrades, outlook revisions, and CreditWatch placements as of May 16, 2025, unless stated otherwise.

Continue reading.

20 May, 2025

House-Passed Reconciliation Bill Provides Largest Housing Credit Expansion in Quarter Century.

This morning, the House passed the 2025 reconciliation legislation, titled the "One Big Beautiful Bill Act," by a 215 – 214 vote, sending the bill to the Senate, which will consider it after it returns from the Memorial Day recess. The bill represents the largest increase in Housing Credit resources since Congress raised the caps on Housing Credits and Private Activity Bonds and indexed the caps for inflation 25 years ago. The bill would:

- Increase the Housing Credit volume cap for 9 percent properties by 12.5 percent for four years: calendar years 2026, 2027, 2028, and 2029;
- Lower the bond financing threshold to 25 percent for 4 percent Housing Credit properties placed in service after December 31, 2025, so long as the bonds financing the project have an issue date between December 31, 2025, and January 1, 2030; and
- Allow state Housing Credit agencies to provide a basis boost of up to 30 percent for properties located in rural and Native American areas placed in service after December 31, 2025, and before January 1, 2030.

Continue reading.

ncsha.org

Published on May 22, 2025 by Jennifer Schwartz

S&P: Tariff Uncertainty Could Weigh On U.S. Public Power Utilities

(**Editor's Note:** S&P Global Ratings believes there is a high degree of unpredictability around policy implementation by the U.S. administration and possible responses–specifically with regard to tariffs–and the potential effect on economies, supply chains, and credit conditions around the world. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential and actual policy shifts and reassess our guidance accordingly (see our research here: spglobal.com/ratings).)

Key Takeaways

- The U.S. power industry faces an acute supply backlog of critical grid components, such as foreign-manufactured transformers, and tariffs could increase the already elevated prices of the equipment and materials.
- S&P Global Ratings believes that whether credit quality will be negatively affected by tariffs will depend on their magnitude and duration and utilities' capacity to recover related costs from their customers.
- Our negative sector outlook does not mean that we contemplate lowering our ratings on a large swath of the public power utilities; rather, in the prevailing inflationary environment, public power utilities are more susceptible to weakening financial metrics and possible downgrades than they were historically.

Continue reading.

22 May, 2025

[S&P Cyber Brief: U.S. Infrastructure Faces Evolving Threats And Federal Policy Uncertainty]

Sovereign-sponsored and politically motivated cyber attacks on critical infrastructure in the U.S. have become more frequent, resulting in a heightened risk of infrastructure failures that could cause significant economic disruptions and loss of life.

U.S. infrastructure providers' preparedness for such attacks, which are often sophisticated compared to more common cyber criminality, is inconsistent due to differing federal regulations and ownership. At the same time, the level of continued federal support for government cyber security institutions is uncertain.

Continue reading.

20 May, 2025

Trump's Funding Threats Build a Case for Private High-Speed Rail.

While California High-Speed Rail's federal funding is in doubt, privately led Brightline West has been chugging along.

California has helped create much of the technology powering the 21st century. But travel between Los Angeles and San Francisco by train still feels trapped in the past.

Now, the state's plan to modernize that corridor — a long-promised high-speed rail line — is facing its most serious threat yet. President Donald Trump has called the project "stupid" and vowed to block $4 billion in federal funds, escalating a broader push by his administration to withdraw support from mass transit initiatives across the country. "This government is not going to pay," he said earlier this month.

The threat lands at a critical moment. After years and years of delays and cost overruns, California's high-speed rail project is approaching a point where additional funding is essential to keep construction moving. Without federal support, state officials warn that progress on the first segment from Bakersfield to Merced could stall — or stop entirely — potentially being the final nail in the coffin for the entire project.

Continue reading.

Bloomberg Markets

By Brian Kahn and Eliyahu Kamisher

May 22, 2025

Private Credit Eyes Gap in US Infrastructure as Federal Funding Dips.

Private credit firms are seeing an opportunity to finance everything from public transit systems to local utilities as the federal government and banks pull back on funding.

US state and local infrastructure is in need of alternative funding sources as pandemic-era stimulus funds wane and the Trump administration seeks to cut costs. As inflation drives up construction costs and government balance sheets are pressured by higher expenses, there are fewer dollars to be allocated to projects.

That's created an opening for private lenders to snatch up more of the infrastructure market, which would normally be dominated by public funding, according to Andy Prindle, the head of origination at lending firm Foundation Infrastructure Opportunities, a strategy within Foundation Credit.

Continue reading.

Bloomberg Markets

By Aashna Shah and Ellen Schneider

May 22, 2025

WSJ: Trump's War Against Higher Education Hits the Sector's Bonds

Analysis say the threat is contributing to an increase in the yields investors are demanding to finance higher education

The Trump administration's moves against prominent colleges and universities have spread concerns that a wide swath of higher-education institutions could see their borrowing costs rise, while some investors could end up with a win.

President Trump and the Republican-controlled Congress have discussed increasing taxation on, limiting tax benefits for and curbing federal funds to colleges and universities. The rising hostility has municipal-bond investors worried that higher-education institutions could lose an exemption that allows the buyers of their bonds to avoid federal income taxes on their returns.

The threat is contributing to an increase in the yields investors are demanding to finance higher education, according to analysts and portfolio managers. That means costs of capital investments, such as the construction of a new dorm or cafeteria, could go up, likely increasing tuition expenses.

Continue reading.

The Wall Street Journal

By Paulo Trevisani

May 22, 2025

A Big Beautiful Podcast: Bloomberg Masters of the Muniverse

Eric Kazatsky and Karen Altamirano are joined by BI Tax Analyst Andrew Silverman and BI POlicy Analyst, Nathan Dean to discuss the Big Beautiful Bill that was passed by the house and sent to the Senate. Discussed are the impacts to the tax-exempt municipal market, federal spending and the bond market's signalling of displeasure at the current state of affairs.

Listen to the Podcast.

May 24, 2025

Pristine Taxable Munis Seen Gaining After Moody's US Rating Cut.

High-quality taxable municipal bonds are poised to get a boost as the downgrade of the US government by Moody's Ratings will leave investors looking elsewhere for pristine credits, according to Barclays Plc.

The US was stripped of its last top credit rating by Moody's last week on concern about the country's declining fiscal outlook. The federal budget deficit is running near $2 trillion a year, or more than 6% of gross domestic product. Most US states and cities are required to maintain a balanced spending plan.

Municipalities "are more fiscally constrained in their actions as they are often mandated to maintain balanced budgets, and the loss of the US triple-A rating might be a gain for AAA-rated municipalities, as demand for AAA bonds might increase going forward," strategists at Barclays wrote in a research note published Friday.

Continue reading.

Bloomberg Markets

By Danielle Moran

May 23, 2025

Trump's Tax Bill Adds to Bond Market's Woes.

After the tariff scare, Treasury yields are on the rise as investors focus on the worsening fiscal outlook.

Key Takeaways

- Treasury yields are rising amid mounting concerns about an unsustainable fiscal outlook and stubborn inflation.
- Higher yields are a sign that investors see more risk in investing in US debt and are demanding a higher premium to compensate for that risk.

- Strategists say yields could remain elevated if the fiscal picture doesn’t change.
- Higher yields mean higher mortgage rates and could hurt stock valuations.

The bond market is looking jittery again, thanks to President Donald Trump’s new tax bill. Hand-wringing over the United States’ fiscal deficit is nothing new, but the legislation’s advance in Washington this week has set investors on edge, sending yields to their highest levels in months. If passed, the bill would cut taxes without significantly slashing spending, and experts estimate that it would add more than $3 trillion to the deficit over the next decade.

Continue reading.

morningstar.com

by Sarah Hansen

May 22, 2025

Impacts of Proposed SALT Cap Hike on Bond & Stock ETF Investments.

The Republican-controlled U.S. House passed President Trump’s tax and spending bill by a razor-thin margin of 215-214 votes, adding $3.8 trillion to the national debt. The bill is now headed for the Senate approval. The bill raised the SALT (State and Local Tax) deduction cap to $40,000 (from the current $10,000 limit).

The concession on SALT came after a group of blue-state Republicans, who described themselves as the “SALTY five,” hoped for more generous provisions. The new deduction cap applies to those earning under $500,000.

However, the bill is facing fierce opposition from fiscal conservatives, especially around provisions on Medicaid reforms and green energy credits. Analysts warn the expanded bill can add more than $3 trillion to the deficit, which has rattled bond markets and contributed to a U.S. credit rating downgrade by Moody’s

Continue reading.

nasdaq.com

Written by Sanghamitra Saha for Zacks

May 23, 2025

With Muni Yields Attractive, Green Bonds May Appeal to More Than Just Sustainable Investors.

The outlook for renewable energy, a focus for many green bonds, is bright, says Nuveen’s Liberatore.

There’s an unusual opportunity in the municipal bond market for sustainable and conventional investors alike today, according to Steve Liberatore, head of ESG/Impact for global fixed income at Nuveen. It lies in so-called green bonds, whose proceeds are targeted toward environmental themes, such as building solar generation, or bolstering the efficiency of power generation and transmission. Liberatore says that even as munis have sagged amid stepped-up bond issuance, green bonds and their relatively safe cash flows look attractive.

Green bonds have a market value of around $2.9 trillion globally. They're issued by a variety of entities, including corporations—not just municipalities. But they've been overlooked, partly because of the disdain for environmental, social, and governance approaches and outflows from sustainable equity funds. The Trump administration has taken an antagonistic stance toward renewable energy and called the future of the Inflation Reduction Act into question. Yet Liberatore believes the outlook for renewable energy (a focus of many green bonds) remains bright.

Over the years, he says, "the rapid growth of the green bond market has come with an ever-increasing diversification of issuers and funded projects. As a result, there are attractive opportunities across the ratings spectrum and up and down the capital stack that could align with any investor's risk/return parameters."

Continue reading.

morningstar.com

by Leslie P. Norton

May 21, 2025

CUSIP Request Volumes for New Municipal Securities Increase in April.

NORWALK, Conn., May 16, 2025 (GLOBE NEWSWIRE) — CUSIP Global Services (CGS) today announced the release of its CUSIP Issuance Trends Report for April 2025. The report, which tracks the issuance of new security identifiers as an early indicator of debt and capital markets activity over the next quarter, found a monthly increase in request volume for new municipal identifiers, while monthly request volume for new corporate debt and equity identifiers slowed.

North American corporate CUSIP requests totaled 7,676 in April, which is down 9.1% on a monthly basis. On an annualized basis, North American corporate requests were up 2.4% over April 2024 totals. The monthly decrease was driven by a 13.3% decline in request volume for U.S. corporate equity identifiers and a 29.8% decrease in request volume for U.S. corporate debt identifiers.

The aggregate total of identifier requests for new municipal securities – including municipal bonds, long-term and short-term notes, and commercial paper – rose 24.0% versus March totals. On a year-over-year basis, overall municipal volumes were up 21.5% through the end of April. California led state-level municipal request volume with a total of 133 new CUSIP requests in April, followed by Texas (132) and New York (83).

"While corporate debt and equity requests were down sharply in April due to tariff-induced market volatility, strong derivatives volume drove higher overall municipal issuance despite many municipal bond offerings being postponed during the month," said Gerard Faulkner, Director of Operations for CGS. "We'll be watching issuance volume in the coming months to see whether there may be pent up demand for new corporate issuance waiting on the sidelines."

Requests for international equity CUSIPs fell 18.9% in April and international debt CUSIP requests fell 28.5%. On an annualized basis, international equity CUSIP requests were up 12.8% and international debt CUSIP requests were up 21.0%.

To view the full CUSIP Issuance Trends report for April, please click here.

Untouched Muni Tax Perk Eases Urge to Flood the Market.

Municipal bond investors likely felt relief this week when a draft tax bill didn't erase the all-important tax exemption, but that respite may cool this year's market for state and local governments seeking cash.

Most muni bonds pay interest that's exempt from federal taxes, a perk that entices investors without raising an issuer's borrowing costs. Public finance groups had feared the removal of the exemption would be looked at as a way to help fund President Donald Trump's tax cuts, but with the pressure off for now, Barclays municipal strategist Mikhail Foux said municipalities may push back plans for bond sales.

"They're not under the gun to come to the market and issue deals," Foux said in an interview. "Now they have time to wait for lower interest rates and bet that the Fed will be cutting later this year and into the next year."

Tom Kozlik, head of public policy and municipal strategy at Hilltop Securities, had estimated that muni issuance in 2025 would jump 50% from the prior year to $745 billion, largely driven by sellers rushing to close deals before the exemption was culled by lawmakers.

Reaching that number would have required about $62 billion in average monthly sales. If the tax exemption continues to avoid Congressional scrutiny, Kozlik sees muni issuance coming down to around $40 billion per month. In April, muni sales jumped above $51 billion.

But he warned that Monday's tax proposal was the start of a long process, and that pressure on the tax exemption could arise in future conversations about how to reduce the nation's deficit.

"From a big picture, municipals aren't safe," Kozlik said. "This is a very dynamic environment."

Bloomberg Markets

By Elizabeth Rembert

May 16, 2025

Siebert Sees Muni Borrowers Asking More of Banks Amid Volatility.

State and local borrowers are asking more of Wall Street banks when they select underwriters for municipal-bond deals, according to Gary Hall, the head of infrastructure and public finance at Siebert Williams Shank & Co.

Issuers in the $4 trillion muni market are increasingly querying banks during the underwriter selection process about their willingness to use their balance sheet to support transactions, Hall said in an interview on the sidelines of a Bond Buyer public finance conference in Atlanta. This comes as investors, including banks and insurance companies, are being more selective in what they buy, he said.

"Issuers are asking that question more in RFPs, 'Are you willing to use your balance sheet?' and 'How are you willing to use your balance sheet?'" Hall said, referencing the request for proposals that governments send out for underwriters. "That's one of the reasons to make a concerted effort to make sure we had sufficient resources to be that player in the marketplace."

This comes amid uncertainty across markets. Last month, municipal-bonds suffered their worst day in decades as investors sold off holdings amid the volatility caused by President Donald Trump's tariff plans. Several deals were postponed amid the rising yields and market volatility. After last month's swings, supply is picking up and investors are coming back.

Hall, who has over 25 years of experience in munis, said during a panel at the conference that he's seeing a consistent rise in unsold balances on muni transactions, adding that the trend keeps him up at night. Siebert is finding the need to tap its own balance sheet more, he said.

His firm received an undisclosed investment from Apollo in 2022 that was expected to "significantly increase" its underwriting capacity. The commitment aimed to draw larger deal flow. Last year, Siebert was ranked as the 11th-largest underwriter of long-term muni debt having managed $16.6 billion of deals, according to data compiled by Bloomberg. That's up three slots from 2021 when the bank managed $8.2 billion.

"We're doing larger deals now, that requires sometimes us stepping up in order to do these deals and that's something that now is more the norm than it used to be," Hall said.

Bloomberg Markets

By Aashna Shah

May 19, 2025

US States Likely to Defy US Downgrade to Keep Top Credit Ratings.

US states from Florida to North Carolina and Texas would likely hold onto top-notch credit scores from Moody's Ratings, mostly because they're in better fiscal shape than the federal government itself.

More than a dozen states have pristine triple-A ratings from Moody's, according to Bloomberg-compiled data, ranking them higher than the US government, which was stripped of its last top credit rating on Friday. That's in part thanks to requirements for all but one, including the District of Columbia, to balance their operating budget in some form, according to a 2021 report by the National Association of State Budget Officers.

Analysts at JPMorgan Chase & Co. also suggested in a note on Friday that states should be relatively immune. They cited a Moody's report from 2023, when the ratings firm changed its outlook on the US government to negative, that few public finance issuers were directly affected by that revision.

Continue reading.

Bloomberg Markets

By Amanda Albright and Scott Carpenter

May 18, 2025

NASBO Budget Blog: States' Revenue Forecasts Mostly Revised Down Over Recent Months

As states work to finalize their budgets for fiscal 2026, many have published revised revenue forecasts, with most having revised estimates downward. A number of revenue forecasts discussed heightened economic uncertainty partly brought upon by changes at the federal level, while stating a cautious approach is warranted. Specifically, revenue forecasts noted the impact of potential changes in federal spending, federal tax provisions, trade policy including tariffs, federal workforce levels, immigration, geopolitical events, and consumer confidence in explaining the revisions. The lowered revenue forecasts come at a time when states already have been experiencing tighter budgets due to slower revenue growth, increasing expenditure demands, and the winddown of federal COVID aid. In this environment, new money is limited, and some states are projecting budget gaps in the out-years as expenditure growth – particularly in Medicaid – is expected to outpace revenues.

Listed below are highlights from recent state revenue forecasts detailing changes in projections as well as explanations of the revenue revisions. For more information, please visit NASBO's website for links to updated state revenue forecasts.

Continue reading.

National Association of State Budget Officers

By Brian Sigritz

Fitch United States Quarterly Credit Snapshot: 2Q25

View the Fitch Credit Snapshot.

Wed 14 May, 2025

S&P U.S. Not-For-Profit Health Care Rating Actions, April 2025

In April 2025, S&P Global Ratings maintained 27 ratings and took four positive rating actions on U.S. not-for-profit health care providers. In addition, we revised two outlooks favorably.

There were no downgrades or unfavorable outlook revisions in April.

We also assigned ratings to 14 new debt issuances for nine systems, four stand-alone hospitals, and one long-term-care facility.

The six rating actions and outlook revisions consisted of the following:

Continue reading.

13 May, 2025

NLC: Utilizing Clean Energy Finance Programs in Your Community

The Inflation Reduction Act (IRA) continues to provide new opportunities for local leaders to advance clean energy projects in their communities.

These clean energy programs, grants and tax credits have been a target for repeal by some Members of Congress (PDF). However, cities, towns and villages can utilize them to deploy solar energy projects, purchase electric vehicles or install electric vehicle charging infrastructure, retrofit homes to reduce energy costs and more.

Two provisions in IRA for municipalities to access are the Elective Pay tax credits and the Greenhouse Gas Reduction Fund. These programs can support the work of cities, towns and villages in meeting their climate action goals and reducing energy costs for residents by bringing new financial support to critical projects.

As litigation on the Greenhouse Gas Reduction Fund continues and Congress scrutinizes clean energy programs as possible funding offsets for legislation to extend the 2017 tax package, projects are underway in communities.

Continue reading.

National League of Cities

By: Carolyn Berndt

May 13, 2025

Nossaman: America’s Infrastructure Improves to a C Grade on the ASCE’s 2025 Report Card

America’s Infrastructure Improves to a C Grade on the ASCE’s 2025 Report CardFounded in 1852, the American Society of Civil Engineers (ASCE) is the country’s oldest and largest civil engineering organization. Since 1998, the ASCE has issued a quadrennial assessment of the U.S.’s infrastructure networks known as the Report Card for America’s Infrastructure. The Report Card uses an A to F grading system and examines the country’s current infrastructure conditions and needs, assigning grades and making recommendations on how to improve those grades … Continue

By Adeyemi Ojudun on 05.16.2025

Maximizing Water Utility Investment: TCO and ROI

For water utilities, wise investments hinge on understanding the full financial picture. Total Cost of Ownership (TCO) is a strategic framework that goes beyond upfront costs, revealing the true value of water system investments over their lifetime, typically 20 years for advanced metering infrastructure (AMI). Kamstrup's TCO analysis empowers utilities to optimize budgets, boost efficiency, and justify upgrades to stakeholders.

TCO encompasses hardware, installation, software, maintenance, and savings from reduced losses. Unlike Return on Investment (ROI), which is speculative, Kamstrup's TCO uses predictable, verifiable data for transparency. Key levers include hardware investment, ongoing software costs, and meter reliability, with Kamstrup's 0.25% annual failure rate saving millions compared to competitors' 2.3%

TCO shines in evaluating RFPs, gaining finance team approval, and persuading boards by translating tech into trusted financial terms. Kamstrup's customizable TCO calculator uses utility-specific inputs like water revenue and losses to deliver actionable outputs. For example, a 75,000-connection utility could save 87.2% with Kamstrup's RF solution versus cellular, avoiding costly lid replacements.

Continue reading.

Water Finance & Management

by WFM Staff

May 1, 2025

Highway Shakedown: How Local Road Users are Subsidizing State Highway Investments

Executive summary

The axiom that "the user pays" is one of the central ideas to how the United States invests in its publicly owned roads. For decades, federal and state governments have charged road users—most notably through gasoline taxes—and then reinvested those revenues back into the transportation system. Policymakers then have the responsibility to match spending to physical need and relative contribution, particularly when state and local governments own different but interdependent portions of the national network. Such accountable spending is even more important for localities that don't directly control the gas tax revenues.

Based on an assessment of national driving and spending patterns, it's clear that local governments are not getting a fair deal. While locally owned roads host 34% of all vehicle miles traveled in the United States—generating a significant sum of tax revenue—states spend only 16% of their total disbursements on local roads, whether those are spent directly or by sub-awarding money to local governments. Meanwhile, congressionally approved formulas overly prioritize state discretion around which federal gas tax revenues will reach locally owned road networks.

It’s little surprise, then, that physical conditions on local roadways are significantly worse than state roadways. For example, 49% of locally owned principal arterial mileage—America’s major roadways—are in poor condition, compared to 7% of mileage on similar state-owned roads.

These funding disparities break the user-pay promise, but they can be addressed. Congress should adopt programming to directly allocate funds to localities and their regional partners. By our estimation, local governments can lay claim to $10 billion in annual federal funding simply as their portion of annual roadway distributions from the Highway Trust Fund. Such funding amounts could have profound effects on addressing America’s backlog of roadway maintenance and make every driving trip more reliable.

Continue reading.

The Brookings Institution

by Adie Tomer and Ben Swedberg

April 24, 2025

Brookings: The Regional Transportation Block Grant

Principles for a new federal surface transportation program

Summary

Since the completion of the Interstate Highway System, congressional lawmakers have routinely revisited surface transportation programs to better reflect the country’s contemporary investment needs. A long-standing gap is investment at the local and regional level. Those transportation networks keep the economy moving every day, and their roadways and industries contribute significant direct funding to federal transportation accounts. However, even with enormous demand for both routine maintenance and transformative projects within their jurisdictions, current federal programs fail to deliver adequate funding to the local and regional level.

A new Regional Transportation Block Grant program (RTBG) is ideally suited to address these deficiencies and modernize the federal commitment to regional prosperity. A new formula program can reduce administrative costs, promote faster project delivery, improve accountability, and simply deliver more projects in regions of all sizes. Using current tax contributions as a baseline, we recommend a $10 billion annual program that includes the following characteristics:

- Metropolitan planning organizations (MPOs) should be the direct recipients, whose boards would then suballocate funds to municipalities. State officials would distribute money to municipalities outside MPO boundaries.
- The RTBG can use the same project eligibility and matching rate rules as the Surface Transportation Block Grant program.
- Congress should modernize accountability requirements, permit spending on multisectoral planning, and expand asset management practices with states and regions.

Continue reading.

The Brookings Institution

by Adie Tomer and Ben Swedberg

May 8, 2025

[Joe Gotelli Discusses Advantages of Active Municipal Bond Strategies.]

With advisor enthusiasm mounting towards fixed income strategies, many portfolios are looking to build municipal bond exposure. Joe Gotelli, vice president and senior portfolio manager for American Century Investments®, recently sat down with VettaFi to break down the advantages of municipal bonds, American Century's fund library, and more.

A Muni Opportunity

Nicholas Wodeshick: Broadly speaking, all this uncertainty from the U.S. equity market is causing many investors and advisors to pivot to more fixed income allocations. What do you think munis offer at this moment that could be more attractive than other fixed income strategies?

Joseph Gotelli: The uncertainty that we saw in the month of April created a dislocation in the tax-exempt market in particular. Concerns around either federal funding cuts, the budget that's going to be necessary to extend the Tax Cuts and Jobs Act, or even the longer-term implications of tariffs really incited a lot of this volatility. The muni market was already more or less on edge coming into the end of March, where seasonal headwinds of less demand paired with supply that had been front-loaded into the year really had brought us to a point where, not only from an absolute level, but from a relative basis, the muni market was looking pretty attractive for retail investors in the United States.

Continue reading.

etftrends.com

by Nick Wodeshick

May 14, 2025

Such Attractive Yields in High-Grade Munis Are Rare and May Not Last Long.

According to this munis expert, the last time munis were this cheap was a brief period in 2023. If you kicked yourself for missing out then, you have a second chance now.

Municipal bond investors may have a rare and compelling opportunity to lock in high yields.

High-grade municipal bond yields, particularly at the long end of the curve, are near their highest levels in over a decade, according to the Bloomberg Municipal Bond Index through May 8.

And the ratio of the tax-equivalent yield on 30-year AAA-rated munis vs U.S. Treasuries is currently sitting just above 90%, according to Bloomberg's Evaluated Pricing Service as of May 8.

Continue reading.

kiplinger.com

By Paul Malloy

published 16 May 2025

Financial Analyst Sees a Bright Present for Municipal Bond Investors.

High-tax-bracket investors have an excellent opportunity to secure low-volatility, high-quality returns at yield levels rarely seen in over a decade.

For over a decade, fixed-income investors navigated a barren yield environment shaped by an era of relentless monetary intervention.

The Federal Reserve's prolonged near-zero interest rate policy and aggressive bond-buying programs — designed to resuscitate economic growth — effectively suppressed yields, leaving investors starved for cash flows.

However, the bond market landscape has changed significantly, giving investors new opportunities to generate meaningful income. We see this clearly in the municipal bond market.

Continue reading.

kiplinger.com

By Peter Aloisi, CFA® Charterholder

Why Munis Still Make Sense: Compelling Yields in a Changing Landscape

> Despite policy uncertainty, municipal bonds continue to offer compelling yields and experience strong investor demand, making them an attractive tax-advantaged income option in today's market.

Back in March, we wrote that the tax-exemption status of municipal bonds faced growing uncertainty as policymakers weighed major tax changes. While risks loomed, the case for munis remained grounded in one thing: compelling yields.

As of early May, the theme is unchanged—but the backdrop has evolved.

Continue reading.

vaneck.com

by Jim Colby
Senior Municipal Strategist

May 14, 2025

[S&P U.S. Public Finance Rating Activity: April 2025]

[View the S&P Rating Activity]

8 May, 2025

[Fitch: US Public Finance Issuers Broadly Resilient to Federal Policy Pressure]

Fitch Ratings-San Francisco/New York-08 May 2025: Federal policies on tariffs and immigration, program and funding reductions effected through executive orders, and likely federal budget cuts could negatively affect U.S. public finance (USPF) and public infrastructure issuers' operating environment and finances, Fitch Ratings says. While most issuers have the resources to handle revenue and cost stresses, those with less financial flexibility may experience ratings pressure.

If there is a significant reduction in the federal government's share of Medicaid expenses in the pending reconciliation bill in Congress, states and not-for-profit (NFP) hospitals would be hit the hardest. Medicaid is an average of 20% of the payor mix for NFP hospitals. Lower revenues and higher unreimbursed expenses from self-pay patients would slow hospitals' financial recovery, particularly for hospitals with a relatively large share of Medicaid patients and narrower margins.

Federal revenues make up 30%-60% of most states' total revenues, with approximately two-thirds coming from Medicaid funding. States are bound by federal statutory and regulatory Medicaid requirements but may reduce spending by lowering provider rates and limiting covered services. States generally have the fiscal capacity and flexibility to endure cuts and maintain financial performance, albeit with narrower margins and potential reserve draws.

Tariffs impacts depend on the severity and duration of the trade war. State and local governments with large agricultural and manufacturing sectors are particularly vulnerable to trade disruptions. NFP hospital supply costs would increase, although those with strong operating margins will be able to absorb costs without affecting their credit ratings. Academic hospitals face dual challenges from both tariffs and federal research funding recissions.

Vertically integrated publicly owned utilities and generation and transmission cooperatives are vulnerable to tariffs given the specialized construction of generation and transmission assets. Effects on public power utilities will be delayed as issuers typically secure major components a few years in advance.

Issuers with planned or existing capital projects are particularly exposed to higher tariffs and labor constraints and may defer, downsize or cancel projects. Debt metrics will weaken for issuers without contractor-guaranteed price caps or contingencies, or those with limited cash flow flexibility to offset rising costs. Mass transit agencies face significant construction cost risks due to capital funding gaps.

USPF and public infrastructure credits have low to moderate exposure to the effects of mass deportations. A reduced labor supply could drive wage inflation, with construction, agriculture, and hospitality services among the most impacted sectors. Population declines may reduce tax revenues. Pressures will be greatest on school districts with large immigrant populations that lose ancillary workers and students, reducing school revenues that are typically based on per-pupil funding formulas. Fewer student visa approvals or the chilling effects of international student deportations may reduce higher education enrollment.

An economic slowdown would compound the effects of federal actions. State and municipal budget pressures could lead to lower funding for community colleges and public universities. Housing lenders might experience higher delinquency rates. USPF issuers' costs of funds will remain elevated if the Fed maintains higher rates to address inflation and would increase if issuers lose tax exemption.

Financial market volatility is a risk for public pensions, endowments, investment income and tax revenues. States are broadly well positioned to withstand steep market declines given revenue volatility control measures, robust reserve levels, and changes to pension system actuarial assumptions and contribution practices. Life plan communities may struggle to pass costs through fee increases, and demand may erode with declines in prospective residents' net worth.

Executive orders that freeze funding and downsize federal departments can affect program operations, funding disbursement or delays in approvals, with higher education and affordable housing and community development among those targeted.

Federal Government Policy Risks to USPF Credit

	Direct Impacts				Indirect Impacts		Financial Impact (Given Issuer Response)	Overall Credit Impact
	Federal Spending Cuts	*Trade War*	*Mass Deportations*	*Federal Job Cuts*	*Financial Market Volatility*	*Economic Effects*		
States	High	Low	Low	Low	Moderate	Elevated	Moderate	Moderate
Local Governments	Low	Low	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate
School Districts	Moderate	Low	Moderate	Low	Moderate	Moderate	Moderate	Moderate
Public Power	Low	Elevated	Moderate	Low	Low	Low	Moderate	Moderate
Water & Sewer	Low	Elevated	Moderate	Low	Low	Low	Moderate	Moderate
Transportation	Moderate	Elevated	Low	Low	Low	Moderate	Moderate	Moderate
Hospitals	High	Moderate	Moderate	Low	Elevated	Moderate	Moderate	Elevated
Life Plan Communities	Low	Moderate	Moderate	Low	Elevated	Low	Moderate	Moderate
Higher Education	Elevated	Low	Moderate	Low	Elevated	Low	Moderate	Elevated
Community Development & Social Lending	Elevated	Low	Low	Elevated	Low	Elevated	Moderate	Moderate
USPF overall	Moderate	Moderate	Moderate	Low	Elevated	Low	Moderate	Moderate

Source: Fitch Ratings

FitchRatings

Thu 08 May, 2025

[US College Muni Debt Lags Benchmark With Growing Higher-Ed Risks.]

Municipal bonds sold by US colleges and universities underperformed the state and local government benchmark in April, a sign that investors are growing more cautious on the sector.

College and university bonds in the Bloomberg Education Municipal Index dropped .95% in April, compared to a 0.81% loss for the broader market, according to data compiled by Bloomberg.

Political and demographic pressures have dogged the sector in recent months. The Trump administration has frozen federal funding for universities including Harvard, Northwestern and Cornell, while others are facing a potential cut to research financing from the National Institutes of Health.

Continue reading.

Bloomberg Markets

By Danielle Moran

May 8, 2025

Local Officials Brace for Loss of Disaster Preparedness Funding.

The C.D.C. delivered $750 million annually to state and local health departments for emergency work. The program was eliminated in the Trump administration's budget blueprint.

St. Louis has been battered by two tornadoes in the past two months. A fire shut down a new nursing home last month in Enterprise, Ala., forcing residents to evacuate. Cleveland grappled with a power outage while inundated with visitors for the N.C.A.A. women's basketball Final Four.

In each case, local health officials played a key role in containing the fallout, assisting hospitals, finding new homes for displaced residents, and coordinating efforts with fire, police and other city departments.

The funding for this work, about $735 million in total, comes from the Centers for Disease Control and Prevention. In President Trump's proposed budget, the money has been zeroed out.

The proposed cut has left health officials increasingly alarmed, particularly since it followed $12 billion in cuts to state and local health departments in March. Nineteen states and the District of Columbia have sued to prevent the reductions.

Continue reading.

The New York Times

By Apoorva Mandavilli

May 9, 2025

[There’s a $1 Trillion Time Bomb Ticking in Muni Finances.]

Depriving local governments of federal relief money amid worsening climate disasters will threaten their economies, putting some of Trump’s staunchest supporters at risk.

If your insurance company ditches you in the middle of open-heart surgery, leaving you with the full tab, you’ll probably go bankrupt despite years of paying premiums to avoid just that fate. State and local governments face a similar future if and when President Donald Trump cuts off federal disaster relief in an era of supercharged natural disasters.

If he has his way, many places risk becoming like western North Carolina after Hurricane Helene: bogged down in a slow recovery that devastates the local economy, saps municipal finances and makes it even harder to withstand the next destructive storm. And poor rural counties that often voted overwhelmingly for Trump face the biggest risks of all.

As I wrote last week, Arkansas recently caught a glimpse of this grim future when the president turned down Governor Sarah Huckabee Sanders’ plea for assistance after a string of deadly tornadoes inflicted millions of dollars in damages. Trump has expressed a desire to make locals manage disasters, openly discussed disbanding the Federal Emergency Management Agency and proposed making it much harder for victims to get relief — jacking up the deductible, if you will.

Continue reading.

Bloomberg Opinion

By Mark Gongloff

Mark Gongloff is a Bloomberg Opinion editor and columnist covering climate change. He previously worked for Fortune.com, the Huffington Post and the Wall Street Journal.

May 7, 2025

Six Environmental Mapping Tools the White House Doesn’t Want You to See.

Government officials and advocates used them to help communities disproportionately affected by climate change and pollution.

The White House effort to scrub government websites of environmental data has researchers and activists trying to recreate several lost mapping tools to protect communities vulnerable to pollution and climate change.

One of them pinpointed existing air and water pollutant risks nationwide, for example. Another mapped low-income areas facing high energy costs, while a third showed the location and costs of future climate threats. Government officials, academics and activists used that data for everything from studying environmental harms at the local level to funneling money to help those communities protect themselves against those threats.

Without them, users say it’s harder and more time-consuming to do community organizing, grant writing and other work. Removing these public mapping tools “is actually dumbing down the way the government works," says Robert Verchick, a climate legal expert at Loyola University.

Continue reading.

Bloomberg Green

By Zahra Hirji

May 7, 2025

Municipal Bond Market Outlook: Mid-2025 Strategic Analysis

Municipal bonds continue to be a core component of fixed-income portfolios, especially given their tax-advantaged income and historically low default rates. But the 2025 landscape introduces a set of different risks and opportunities for both investors and issuers. As the rate cycle turns, fiscal pressures evolve, and the political climate remains fluid, municipal bond market participants must reassess their risk and reward appetite to better understand the evolving environments.

1. Potential Rate Cycle Reversal: The Return of Duration and Opportunity

Investor Perspective:

After an aggressive tightening cycle that saw the Fed Funds rate peak above 5%, the Federal Reserve is signaling a potential shift toward easing as inflation moderates and economic growth decelerates. This pivot could present a potential re-entry point into longer-duration municipal securities, which stand to benefit from duration-driven price appreciation as rates come down. The steepening of the yield curve, particularly the normalization of the front end, will enable investors to capitalize on the price appreciation of long-duration bonds purchased at higher coupons, relative to where the markets may be headed.

In this context, tax-equivalent yields on high-grade municipal bonds remain attractive relative to corporate counterparts, particularly for investors in high marginal tax brackets.

Continue reading.

dividend.com

by Jayden Sangha

May 06, 2025

Busy Week for Muni Debt Sales Tests Investors Wading Into Market.

A wave of municipal-bond sales scheduled for this week will test a recent rebound in buyer demand after investors sold their holdings during April's market rout.

Roughly $14 billion of muni debt is scheduled to come to market over the next five days, according to data compiled by Bloomberg. That is running about 70% higher than the average weekly volume over the last five years.

The influx of expected supply continues a pickup ever since the market began to settle down after April's tariff-fueled swings. Investors waded back into muni products with state and local government bond funds seeing $1.1 billion of inflows in the week ended May 7, snapping three consecutive weeks of withdrawals, according to data from LSEG Lipper Global Fund Flows. The largest municipal-bond exchange-traded fund, MUB, collected $260 million of cash last week — the most since November.

Continue reading.

Bloomberg Markets

By Erin Hudson and Arvelisse Bonilla Ramos

May 12, 2025

Munis Set to Outperform Fixed Income in Summer Redemption Season.

Investors are gearing up for a favorable time of year in the municipal-bond market as state and local government debt is poised to outperform other areas of fixed income over the next few months.

In the summer, new bond sales tend to slow down while money flowing back to investors increases — creating a supply and demand mismatch that boosts prices. The 10-year monthly average returns in May, June and July are positive, according to data compiled by Bloomberg.

“We continue to see a constructive environment for purchasing muni bonds despite a bearish Treasury market,” analysts at Bank of America Corp. said in a Friday research note. “Outperformance of munis vs Treasuries should continue during the May-August time frame.”

Continue reading.

Bloomberg Markets

By Aashna Shah

May 9, 2025

How the Ultra-Rich Use Municipal Bonds in Retirement.

For the ultra-wealthy, municipal bonds aren't just about earning interest. They're a way to lock in tax-free income, cover essential expenses, and free up the rest of their portfolio for higher-growth investments.

But even though muni bonds may offer stable income, they aren't a perfect fit for every retiree, and they come with risks that are easy to overlook.

Key Takeaways

- Municipal bonds offer steady, often tax-free income, but can come with hidden risks like liquidity issues and sometimes even unexpected taxes.
- Wealthy investors often use muni bonds to cover basic living expenses while investing aggressively elsewhere to build more wealth.
- Municipal bonds are best seen as one tool among many—not a complete retirement plan on their own.

Continue reading.

investopedia.com

By Jonathan Ponciano

Jonathan Ponciano is a financial journalist with nearly a decade of experience covering markets, technology, and entrepreneurship.

Updated May 09, 2025

Fact checked by Suzanne Kvilhaug

Recession Fears Spark Goldman's Appetite for High-Quality, Long-Term Municipal Bonds.

‘We haven’t seen yield like this in a really long time,” Goldman Sachs’ Sylvia Yeh says of the municipal bond market.

As Goldman Sachs has hiked its probability of a U.S. recession to 45%, the investment bank recommends a shift in client portfolios towards high-quality fixed income, citing resilience in the asset class amid broader stock market volatility.

“If we’re going into an economic downturn, higher credit quality and longer duration would benefit in a scenario like that,” said Sylvia Yeh, co-head of municipal fixed income at Goldman Sachs. “Whether it’s munis [municipal bonds] or investment grade corporate bonds or others, I think you would actually see money move into those markets and the different vehicles because of recession fears.”

S&P Global’s Municipal Bond Index is down 0.87% so far this year, while Bloomberg’s index for 10-year AAA municipal bonds has seen its yield rise to 3.26% in Q1 of this year.

Continue reading.

investmentnews.com

By Andrew Cohen

MAY 05, 2025

SIFMA US Municipal Bonds Statistics.

SIFMA Research tracks issuance, trading, and outstanding data for the U.S. municipal bond market. Issuance data is broken out by bond type, bid type, capital type, tax type, coupon type and callable status and includes average maturity. Trading volume data shows total and average daily volume and has customer bought/customer sold/dealer trade breakouts. Outstanding data includes holders' statistics. Data is downloadable by monthly, quarterly and annual statistics including trend analysis.

YTD statistics include:

- Issuance (as of April) $166.0 billion, +11.8% Y/Y
- Trading (as of April) $15.4 billion ADV, +23.0% Y/Y
- Outstanding (as of 4Q24) $4.2 trillion, +2.9% Y/Y

Download xls

May 1, 2025

S&P First 100 Days Recap: What We're Watching For U.S. Public Finance Sectors

(**Editor's Note:** S&P Global Ratings believes there is a high degree of unpredictability around policy implementation by the U.S. administration and responses–specifically with regard to tariffs–and the potential effect on economies, supply chains, and credit conditions around the world. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential shifts and reassess our guidance accordingly [see our research here: spglobal.com/ratings].)

Key Takeaways

- The new U.S. federal administration's first 100 days in office were marked by various policy announcements that could become credit material for U.S. public finance issuers.
- We believe that if long-term credit implications arise from particular federal policy announcements, they could materialize over the next 12 to 18 months as more details unfold.
- In our view, credit pressures underpinned by tariffs or changes to federal policy are unlikely to be widespread and credit stability for U.S. public finance issuers will likely result from management's efforts to plan for and respond to the evolving macroeconomic conditions.

Continue reading.

30 Apr, 2025

S&P: Tracking Munis in Uncertain Markets

As uncertainties around tariffs, inflation and interest rates continue to make headlines, how are yield seekers viewing munis? S&P DJI's Jennifer Schnabl and Vanguard's David Sharp discuss key performance drivers of munis in challenging markets.

[TRANSCRIPT]

How have munis fared over the past 12-18 months and what's driving this performance?

Jennifer Schnabl:

When I think about 2024, it was a year largely driven by interest rate volatility. We began the market, as we remember, early 2024, the market was expecting six interest rate cuts by the Fed. Within a few months, that shifted wildly, where at one point, the market then only expected one rate cut for the entirety of the year. And when it ended up happening, as we know, the Fed finally did cut rates for the first time in over four years in September of 2024, followed by two more rate cuts to close out the year.

And what this meant was interest rates, Treasury yields, fixed income yields across the board really, swung pretty wildly with the shift in sentiment, and municipal bond yields certainly went along with that ride in interest rate volatility.

And just to put some numbers to it, our intermediate muni yields, so 0 to 20 year in maturity, this is as measured by our S&P Intermediate Term National AMT-Free Municipal Bond Index, those yields began the year at 2.9%, ended up being a low for the year. By May, they hit a high of 3.68% when the market peeled back its rate cut expectations. By October, they fell again to the low of 2.9%. This was after the Fed cut rates in September. And then they spent the remainder of the year drifting higher, closing the year out higher than where they began at 3.34%. So, those swings were not normal, certainly not in the year prior and in the many years prior.

But what's more telling is that, despite the interest rate volatility in the yields, and despite the move higher in yields throughout the year, the municipal bond market finished 2024 with positive returns, and the main driver of this was those elevated yield levels providing an income return high enough to not only drive performance but serve as a buffer to the broader market volatility.

How do munis stack up in today's yield landscape?

Jennifer Schnabl:

Municipal bond yields began 2025 at some of the highest levels since 2011. I think most fixed income asset classes currently have yields that are at historical highs, and this is an environment we really haven't seen in more than a decade, where the majority of a return generated in a fixed income asset class, munis in particular, can largely be driven by the income associated with the yield offered.

The second thing I'd mention is, with the uncertainty with the changing regulatory landscape, of the changing fiscal policy, I think tariffs, a new regulatory regime, immigration policies, those tend to be associated with inflationary sentiment as well as mixed or uncertain economic impact on U.S. growth, but they do tend to point to, and I think it's general market consensus, that perhaps a higher-for-longer framework for interest rates is about to ensue. If that were to come to fruition, what it would mean for muni bond yields is it would just support these elevated yields that are currently in the market right now and allow for that yield or income capture that market practitioners can participate in for a little bit longer.

The third thing is the data shows that there's still a significant amount of cash on the sidelines or in the front end of the curve. Should front-end yields decrease and the curves steepen, I think that it would be logical to assume that that cash would move further out the curve into longer-dated assets where higher yields could be captured.

What are the headwinds and tailwinds for munis in 2025?

David Sharp:

Jennifer spoke to a lot of really important points there on what some of those tailwinds could look like. Most specifically, what we'd like to note is over the last couple of years, yields are back, and the taxable equivalent yield within munis is quite compelling.

Last year, it ended around, or at the end of February, it ended around 6% on taxable for the intermediate part of the curve. That's really attractive compared to taxable bonds in the aggregate. Even corporate bonds in the intermediate part of the curve can't return yields quite like that. So, that's going to be attractive to the right investor, and that will add some tailwinds behind this product.

The other thing is it's certainly the fundamentals, a lot of, again, what Jennifer mentioned, are really good and look really good in munis right now. A lot of the rainy-day funds at some of the municipalities are still very strong after a few years being able to add to those savings, those buffers. That's good for, even in a credit cycle that might change a little bit, that's good for munis. And that fundamental is really is going to resonate for a lot of investors in that space.

The headwinds are really some of the uncertainty with just economic policy. What is that going to, what is the impact of tariffs? Some of the administration's policies could be inflationary, the way that they hit the market, and that could lead to changes in the way the Fed behaves and thinks about lowering rates and adding supply to the monetary policy.

So, those headwinds, it's more around just the uncertainty that some clients have, that they want to be in really safe investments, like U.S. Treasuries or cash on the sidelines that they're still sitting in with those higher yields, they still remain to be a bit of a headwind to the muni landscape.

How is the role of passive strategies changing for munis?

David Sharp:

When we look at passive, it hasn't got quite the adoption in the muni space that we've seen in other parts of the market historically, but we're seeing that tide start to shift. When we look at the end of last year, about 13% of all assets in funds, and ETFs specifically, were in passive. But 27% of the flows last year went into passive, so it was really outkicking its weight, showing that there is a greater adoption of passive investing in munis. And a big driver of that frankly is ETFs. Just using ETFs more, the tax efficiency that the ETF provides, the trading flexibility it provides, it works really well in model portfolios, which are a growing area of business for many advisors. So, having the ETF in that package, that's those ETFs, there's active ETFs in that space, but passive is where the big assets lie. Our broad market muni product is over USD 30 billion. There are some really large funds that sit on the passive side to get that inclusion in models because the models like to have that stability and consistency that a passive index provides.

Closing:

For more information on muni performance and to stay up to date with the latest index launches, visit spglobal.com/spdji.

Apr 28, 2025

S&P Tender Option Bond Update Q1 2025: What Tariffs Mean For Muni Securitization

Tender option bond (TOB) issuance rose in the first-quarter 2025 as supply pressures, fund outflows, and macroeconomic uncertainty lifted long-dated municipal bond yields. This uncertainty was further exacerbated as markets responded to the universal tariffs announced by the Trump administration on April 2, 2025.

We rated approximately $3.0 billion in TOB issuance across 167 trusts in first-quarter 2025, up from $2.2 billion in fourth-quarter 2024 and $1.1 billion in first-quarter 2024. Nearly half of this activity took place in March when yields confidently moved above 4% (see chart 1). At the same time, approximately $1.45 billion in TOB issuance was paid down, representing a $1.55 billion net increase in TOBs outstanding.

S&P Global Ratings believes there is a high degree of unpredictability around policy implementation by the U.S. administration and possible responses–specifically with regard to tariffs–and the potential effect on economies, supply chains, and credit conditions around the world. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential and actual policy shifts and reassess our guidance accordingly (see our research here: spglobal.com/ratings).

Continue reading. **[Free registration required]**

28 Apr, 2025

Fitch: Mass Deportation Implications for Corporates, Public Finance and Infrastructure

Mass deportations could impact the U.S. labor market, particularly in construction-related sectors, potentially reducing labor supply growth to 0.3% and exacerbating labor cost inflation, while also affecting revenues for school districts in immigrant-heavy states.

Access Report

Tue 29 Apr, 2025

Fitch: CDFIs Navigate Economic Challenges Amid Funding Uncertainties

Fitch Ratings-New York/San Francisco-29 April 2025: Community Development Financial Institutions (CDFIs) in the United States are actively navigating a challenging economic landscape marked by elevated interest rates, inflationary pressures, and uncertainties regarding federal funding, according to a new Fitch Ratings report.

However, CDFIs have shown resilience and adaptability through various economic cycles. This is in part due to their capacity to adjust to changing conditions. Federal policy changes typically do not have immediate credit impacts, allowing CDFIs time to modify their strategies to avoid potential detrimental effects in the medium or long term.

Fitch believes CDFIs best equipped to handle these challenges possess a solid equity base. They are also largely self-sufficient operations, have a strong market position, a diversified loan portfolio and revenue sources, experienced management with change management skills, and access to diverse capital sources. As traditional funding sources become less accessible or reliable, many CDFIs are considering the bond markets to raise capital and diversify their funding.

The report also examines the implications of potential federal policy changes, such as those affecting the CDFI Fund, Greenhouse Gas Reduction Fund (GGRF) and Community Reinvestment Act (CRA) regulations, on CDFI operations. These uncertainties necessitate proactive management and planning to mitigate potential impacts on funding and operations.

Fitch anticipates that CDFIs will continue to demonstrate resilience through economic cycles by leveraging their adaptability and strong equity positions. Their ability to pivot in line with changing market conditions and policy landscapes will be essential for sustaining their mission-driven activities.

The full report can be viewed at www.fitchratings.com

U.S. Public Finance CDFI Loan Funds: What Investors Want to Know (Challenges and Opportunities for Raising Capital in Uncertain Times) - Fitch Special Report

CDFIs demonstrate resilience amid economic challenges by leveraging strong equity positions, robust risk management and diversified funding sources, ensuring continued support for underserved communities while adapting to evolving market conditions and policy changes, with equity now comprising 32% of CDFI loan funds’ capital stack compared to 10% for banks.

Access Report

Tue 29 Apr, 2025

S&P Sustainability Insights: Does Nature Matter To Economic Development? A Look At U.S. Local Governments.

U.S. local governments manage the relationship between land use and economic development while considering the quality of life of residents through actions such as investments in green spaces and park areas. They typically evaluate the affordability of investing in nature, which has intangible economic value over the longer term, against more pressing needs such as housing and employment.

Download pdf.

S&P: Ongoing Water Delivery Uncertainty Intensifies Credit Pressure On Utilities In The Rio Grande Basin

Key Takeaways

- On April 28, Mexico committed to increasing the U.S. share of the water supply in six of its Rio Grande tributaries through the end of the current five-year water cycle that ends in October and to collaborate with the U.S. to develop a longer-term plan to ensure supply predictability under the 1944 Water Treaty, which we view favorably.
- The announcement followed the U.S. federal administration's rejection of Mexico's request for a special allocation of Colorado River water as well as threats of tariffs and sanctions related to compliance under the 1944 treaty's water sharing terms.
- While short-term supply predictability from Mexico may be resolved, its previous failures to meet delivery targets have created credit pressure by weakening the underlying economic fundamentals and financial performance of utilities that rely on these deliveries and could contribute to ongoing challenges for utilities in the Rio Grande basin, given the water supply stress stemming from drought, aridification, increasing demand, and aging and deficient infrastructure.
- We expect longer-term solutions will likely be necessary to address the basin's supply challenges and may require greater infrastructure investment and clearer guidelines within the 1944 treaty, which we believe could improve the predictability of water deliveries, but may increase costs and strain affordability for some utilities in the region.

Continue reading.

29 Apr, 2025

What Concerns Counties About Changes in Washington.

Counties have relationships with essentially every federal agency. They have to prepare for the biggest policy changes seen in decades.

Every day seems to bring new executive orders from the White House or announcements about federal staffing or spending cuts. Congress is considering massive cuts in domestic spending through the budget reconciliation process.

All of this concerns state and local governments that are heavily reliant on federal aid. The Trump administration is signaling that in many program areas, they'll be on their own more often, including during disasters.

More of a hands-off approach can lead to new opportunities, but change always brings uncertainty.

Continue reading.

governing.com

May 2, 2025 • Alan Greenblatt

A $6 Billion Shortfall Has US Mass Transit Facing a Death Spiral.

The federal government stepped in with $70 billion to get commuter rail and bus service through the pandemic. The funds are running out.

When Covid-19 broke the US economy, the trains and buses that carried millions of Americans to work every day emptied out. A $70 billion lifeline from the federal government kept them going — a bet that someday they would again be packed with commuters.

Five years later, that day has come. Workers and tourists are back on the rails and roads. Throngs of straphangers stand shoulder-to-shoulder on the subway. Finding a seat on a crowded rush-hour express train feels like a small victory. For transportation systems from New York to Chicago to San Francisco, it should be a moment to exhale. Faced with extinction, they survived.

Yet there has been no time for celebration.

Continue reading.

Bloomberg Business

By Sri Taylor and Aaron Gordon

April 29, 2025

How States Can Build Disaster-Ready Budgets.

Strategies for reducing fiscal risks in the face of rising costs

Overview

Policymakers at every level of government are grappling with the rising costs of storms, floods, wildfires, and other natural disasters and how best to aid affected communities. As disasters have grown in frequency and severity, so too has the strain on public finances and the urgency to update budgeting practices, especially in the states, to help public officials plan for changing spending needs.

A series of studies from The Pew Charitable Trusts from 2018 to 2022 examined how states manage the fiscal impact of natural disasters, including their spending practices, funding mechanisms, and risk reduction (mitigation) investments. The research revealed that data on public disaster spending is lacking, that states' typical budgeting approaches have not adapted to recent disaster trends, and that efforts to reduce loss of life and property, which could help control rising costs in the long term, are inconsistently and insufficiently funded.

As a result of these findings, along with lessons learned from observations of state practices and conversations with public finance and emergency management practitioners, Pew developed a set of strategies that state budget officials can adopt to improve disaster budgeting. These recommendations are organized around three key principles that can help minimize the fiscal risks stemming from natural disasters:

Continue reading.

The Pew Charitable Trusts

May 1, 2025

SOLVE Redefines Municipal Bond Pricing with AI-Powered Relative Value Intelligence.

New visualization capabilities empower buy-side and sell-side traders to evaluate bond value changes over time to achieve portfolio precision

NEW YORK–(BUSINESS WIRE)–SOLVE, the leading provider of pre-trade data and predictive pricing for fixed income securities markets, has unveiled new capabilities for SOLVE Px™, the firm's proprietary, AI-driven, predictive price data for the municipal bond market. Available immediately, the new Relative Value Analysis tool enables fixed income professionals to assess and visualize dynamic changes in a bond's value over time, providing advanced analytics to optimize portfolio decisions and manage risk effectively.

SOLVE developed this latest enhancement in direct response to industry demand, as municipal bond traders, portfolio managers, and risk managers increasingly voiced the need for a clearer, more dynamic view of bond value across changing market conditions. SOLVE worked closely with clients to design a solution that brings greater transparency, context, and usability to pre-trade decision-making.

"Relative Value Analysis brings a new level of transparency and intelligence to a market that's often been difficult to navigate," said Eugene Grinberg, CEO of SOLVE. "It empowers traders to build conviction in pricing with precision and speed by using AI-predicted pricing rather than relying on fragmented historical data or evaluated prices that may not keep up with volatility in the markets. This gives market participants a more current and actionable view of bond value over time."

Key functionality includes:

- **Establish relative value:** Users can quickly assess if bonds are rich or cheap relative to their historical performance or their peers to help decide whether to buy, hold, or sell based on predicted trade value.
- **Identify trends and anomalies:** View price movements for each security over a defined date range. This allows users to make informed trading decisions by easily spotting trends and anomalies in price, spread or yield changes over a defined date range, allowing traders to react promptly to changes and stay ahead of the market.
- **Compare and filter bonds:** The ability to leverage the SOLVE Quotes™ search feature to identify a group of similar bonds for comparison. The filtering capabilities enable users to exclude bonds that traders currently view as rich or cheap relative to their performance over time. Buy-side traders can also analyze their portfolio positions to look for relatively rich or cheap positions, or to find positions with significant price movements.

Grinberg added, "One of the biggest challenges municipal bond traders face is managing the sheer volume of securities available at any given time. At SOLVE, we set out to address this challenge by delivering an AI-driven predictive pricing platform that provides a centralized view of over 900,000 live municipal bonds, covering more than 93% of the active market. This is further supported by data on more than 1.25 million securities and over 20 million daily quotes, giving traders the clarity and real-time context they need to make smarter, faster decisions.”

For more information visit: https://solvefixedincome.com/solve-relative-value-analysis/

About SOLVE

SOLVE is the leading market data platform provider for fixed-income securities, trusted by sophisticated buy-side and sell-side firms worldwide. Founded in 2011, SOLVE leverages its proprietary Deep Market Insight™ to offer unparalleled transparency into markets, reduce risk, and save hundreds of hours across front-office workflows. With the largest real-time datasets for Securitized Products, Municipal Bonds, Corporate Bonds, Syndicated Bank Loans, Convertible Bonds, CDS, and Private Credit, SOLVE empowers clients to transform the way they bring new securities to market, trade on secondary markets, and value highly illiquid securities. Headquartered in New York, with offices across the globe, SOLVE is the definitive source for market pricing in fixed-income markets. For more information, visit https://solvefixedincome.com.

SOLVE Px does not constitute Investment Advice and does not seek to value any security and does not purport to meet the objectives or needs of specific individuals or accounts.

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Apr 29, 2025

[High-Yield Munis Post Worst Month Since 2023 After Tariff Rout.]()

High-yield municipal bonds posted their worst month since September 2023 as the securities struggle to recoup losses from the tariff-fueled selloff earlier this month.

The riskiest segment of the market underperformed investment-grade securities for the first time since December, posting a 1.8% loss in April, according to Bloomberg indexes. The tariff-fueled selloff hit high-yield particularly hard and in one week they recorded a 5% loss, the worst week since the pandemic.

After President Donald Trump announced his sweeping tariffs on April 2, panicked investors sold bonds as part of a broader shift to raise cash. Munis, alongside other asset classes, have been performing better since then, though the securities have been slow to recover.

Continue reading.

Bloomberg Markets

By Aashna Shah and Amanda Albright

May 1, 2025

DC's DOGE Problem Portends Higher Borrowing Costs on $1.5 Billion of Debt.

The municipal-bond market is starting to price in the DOGE effect on Washington, DC's debt, and that likely means higher costs for the nation's capital on some $1.5 billion of bonds it's selling.

It's a routine offering for the District of Columbia, but the timing coincides with an unprecedented campaign by President Donald Trump and billionaire Elon Musk to slash federal government spending. Efforts by the new Department of Government Efficiency have put the district and its economy in the center of the storm, denting its financial outlook amid workforce cuts and prompting a downgrade of its debt from Aaa by Moody's Ratings.

The district is still considered a very strong credit, with per-capita income that's higher than all 50 US states and "exemplary" fiscal management, according to Moody's. Market watchers expect ample demand for the new issue. But recent activity in outstanding DC debt suggests investors will demand a higher yield premium to take on the risk of owning the new bonds.

"It's a whole new world" than the last time the district sold similar debt in 2023, said Eve Lando, portfolio manager at Thornburg Investment Management. "I fully expect the borrowing costs to be higher."

Included in the district's offering are about $1.2 billion of tax-exempt debt backed by income-tax receipts. Using existing debt as a benchmark, DC income tax bonds due in 2043 yielded 0.56 percentage point more than top-rated muni debt in April. That's up from a spread of 0.31 percentage point in December and much wider than the 0.11 percentage point premium the district paid when the debt was sold in 2023, according to data compiled by Bloomberg.

The new debt due in 25 years is being offered to investors with a 5.25% coupon and a 4.58% yield, or about 28 basis points more than top-rated debt, according to pricing wires viewed by Bloomberg. A security sold in 2023 with a similar maturity and coupon priced with a 19 basis point penalty.

The deal also comes at a time of heavy supply in the muni market, which may put some pricing pressure on all new issues this week. This is happening as the muni market claws back from a tariff-fueled selloff in April.

The district is going ahead with its sale even as it estimates it will lose as many as 40,000 federal jobs, or 21% of DC's federal workforce over the next four years as DOGE closes agencies, abandons leases and tears up billions of dollars in government contracts. Proceeds from the offering will go toward funding projects under its capital improvement plan, including upkeep on roads, schools and other parks, and to refund some outstanding bonds, according to bond documents.

"There's a lot of uncertainty, no doubt," said Glen Lee, chief financial officer of the district, in an interview. "But we have a very robust and dynamic capital program and in order to sustain it, we need to go to the market a couple of times a year."

In cutting the district's debt rating and assigning a negative outlook on the credit, Moody's cited the impact of the federal workforce cuts coupled with a weakening commercial real estate market and the increased likelihood of further federal spending reductions. All of this will "erode the stability that the institutional presence of the federal government has historically had on the District's economy," according to a Moody's statement.

However, both investors and district officials expect DC's still-strong credit profile will help ensure a successful sale.

"Given the strength of this credit, given the debt service coverage of the pledge and assuming an orderly market, I would expect that the sale would go as well as other district sales have gone in the past," said Darryl Street, associate treasurer for debt and grants management in the office of finance and treasury.

As issuers return to the market following a period of volatility, investor demand has surged. "The interest is there and the appetite is there," Thornburg's Lando said.

Deals on the new issue calendar have been performing well and some have even oversubscribed after the April selloff, according to Lando. She is confident in investor's appetite for the sale given their familiarity with the district's income-tax structure, credit quality and robust legal protections securing revenue streams for bondholders.

"It is a credit that is starting at a pretty high level from a rating standpoint," said James Iselin, managing director at Neuberger Berman Group. "I think the market will need to see the longer-term impact on the credit to determine if more spread is warranted down the road."

Bloomoberg Markets

By Aashna Shah

April 30, 2025

— With assistance from Amanda Albright

Why Are Muni Bond Funds Losing Money in 2025?

Vanguard's Malloy says that muni underperformance has these funds as 'cheap as it gets.'

Key Takeaways

- Most municipal bond funds are posting losses, even as taxable bond categories are posting gains.
- Higher issuance and volatility have pushed down municipal bond prices, which started the year high.
- Valuations on muni bonds now look attractive.

In a year when most bond fund categories are in positive territory, there's been one noticeable laggard posting losses nearly across the board: municipal bond funds. Driving this poor performance is a combination of stepped-up bond issuance, lofty starting valuations, and fund outflows amid the market's recent volatility. But Paul Malloy, head of US municipals at Vanguard, which manages $260 billion in tax-exempt assets, believes this underperformance has the category looking especially attractive. Munis are "as cheap as it gets," he says.

Continue reading.

morningstar.com

by Gabe Alpert

May 2, 2025

[US Municipal Bonds: Finding Investment Opportunities]

A unique opportunity is unfolding in the municipal bond market. Recently, yields on these bonds have risen, driven by general market uncertainty and concerns about their tax-exempt status. Despite discussions in Washington about potentially taxing municipal bond interest to boost government revenue, we believe this interest will remain tax-exempt. This tax advantage, along with the current yield environment, makes municipal bonds a valuable component of a diversified investment portfolio.

Municipal bonds typically offer interest income that is exempt from federal, state and local taxes, making them especially appealing to investors in higher tax brackets. These bonds are attractive not only for their high yields but also because they offer better returns compared to U.S. Treasuries. The 2-year and 5-year municipal bonds are particularly appealing based on historical performance.

Continue reading.

Global Investment Strategy Team

J.P. Morgan Wealth Management

Published Apr 29, 2025

Cash Is Losing Its Crown: Why Short-Term Munis Are the Next Move

Cash has certainly been king over the last few years. As the Federal Reserve raised rates to combat inflation, cash, money market funds, and CDs have been paying yields not seen in roughly a decade. Investors are earning real interest on their savings. And when you add in all the uncertainty about the economy, cash has become a real allocation for many investors.

But cash’s time in the sun may be setting as a variety of factors take hold.

But there is a safe alternative in short-term muni bonds. Right now, short-term munis are paying more than cash rates before any of their tax benefits kick in. Moreover, they feature equally high credit quality as cash and other short-term asset classes. For investors, the time to get out of money is now, and short-term munis could be the answer.

Continue reading.

dividend.com

by Aaron Levitt

Apr 29, 2025

NASBO Summaries of Governors' 2025 State of the State Addresses.

View the Summaries.

S&P: Uncertainty Clouds 2026 U.S. State Budgets

Key Takeaways

- U.S. state executive fiscal 2026 budget recommendations were proposed early in the 2025 calendar year, before several federal policy changes were announced that we believe could introduce significant uncertainty for state finances and the U.S. economy.
- The recent trend of states enacting recurring tax reductions without offsetting revenue enhancing measures has slowed but continues.
- State revenue assumptions vary wildly, and downward revisions are likely on the horizon for states with more aggressive growth forecasts.
- State balance sheets remain healthy, with rainy-day funds largely maintained near all-time highs, which could provide short-term financial relief as budget officers navigate potentially worsening financial conditions.

Continue reading.

[Free registration required]

28 Apr, 2025

S&P U.S. Higher Education Rating Actions, First-Quarter 2025

View the S&P Rating Actions.

24 Apr, 2025

S&P U.S. Public Finance Housing Rating Actions, First-Quarter 2025

View the S&P Rating Actions.

25 Apr, 2025

Tariffs May Raise Building Cost and Muni Buyers' Demands.

Tariffs are going to complicate state and local governments’ construction plans, and investors will be looking for more compensation to account for the uncertainty. Van Eck Associates Senior Municipal

Credit Analyst Tamara Lowin has more on the story.

Watch video.

Bloomberg MarketsTV Shows

April 24th, 2025, 12:57 PM PDT

Closed-Loop Demand For Government Bonds.

With the whipsawing in the markets over the last month, a concern *du jour* has arisen. What if the United States cannot sell its bonds to the old reliable ready purchasers, to the same always game counterparties? The Chinese appear to be disgorging themselves of their vast stash of treasuries. (Emphasis on "appear"—China badly needs to maintain the impression that its currency is convertible in the dollar.) The stodgy economies of Japan and the UK have become the major holders. The United States is supposed to float its massive debt reissues to yesterdays-news buyers such as these? Duck and cover. "Maybe the Fed will buy it!" he said risibly.

How illuminating history can be on these issues. Let us cast our minds back not to the history of federal debt, but to that of the gigantic newcomer in the twentieth century, municipal debt, particularly of the school-bond variety. Readers will recall the column I wrote on the work of recent economics Nobelist Claudia Goldin, work that absolutely lionizes the tremendous boom in school, particularly high school construction over 1910-1940. The Nobelist forgot to tell us what it cost and what were the consequences of the financing model, namely unbelievably jacked-up property and new state-level income taxation. There is quite a case that financing this school-building caused, yes caused, the Great Depression. Thanks a lot, good government types.

Continue reading.

Forbes.com

By Brian Domitrovic, Contributor
Brian Domitrovic is a historian of supply-side economics

Apr 27, 2025, 12:00pm EDT

It's Time To Buy Muni Bond Funds - Here's Why And Where.

Tax-exempt bond funds offer handsome yields these days. This survey takes you quickly to the 40 Best Buys.

Good news for savers in fairly high tax brackets: Yields on municipal bonds are good, comfortably ahead of what you can clear from Treasury bonds.

Bad news: This is a treacherous field. It is easy to be gouged buying either individual bonds or high-fee funds.

Municipal bonds are worth considering for any fixed-income money you have in taxable accounts.

For tax-sheltered accounts like IRAs, munis are inappropriate; there, use this survey of taxable bonds and bond funds.

Continue reading.

Forbes.com

By William Baldwin

Apr 27, 2025

Baird Boosts Cash in Muni Funds to Shield Against Turbulence.

Baird is increasing cash positions within its municipal-bond funds in response to a tariff-induced selloff this month.

Its muni team previously kept a 1% cash cushion for its funds to weather volatility but discussed increasing that buffer to 3% "plus or minus" at a recent strategy meeting, said Lyle Fitterer, co-lead of Baird's municipal sector, in an interview.

The decision was part of a larger discussion about how the growth of exchange-traded funds has increased liquidity in the muni market, notably accelerating the rout earlier this month. Two weeks ago, munis suffered their worst three-day selloff since the start of the pandemic because of uncertainty surrounding tariff policies.

Continue reading.

Bloomberg Markets

By Erin Hudson

April 23, 2025

Fitch Government-Related Entities (GREs) Report.

Fitch Ratings rates approximately 524 public Government-Related Entities (GREs) globally across four analytical groups: Corporates, International Public Finance (IPF), United States Public Finance (USPF) and Global Infrastructure Group (GIG).

GREs are defined by Fitch Ratings as entities with a significant relationship to a government, often reflected through ownership, control, or support. These entities typically perform public policy functions, benefit from government backing, or hold strategic importance to the government.

This report details not only the final ratings for all Fitch-rated GREs, but also allows users to filter and compare entities based on their standalone credit profile, notching expression – which can be top-down, bottom-up or equalised with the parent – and the key risk factors Fitch uses to assign an overall support score.

The matrix of assessment scores used by Fitch to assign a support score, following an assessment of a parent's responsibility and incentive to support, together with the notching guideline are also included at the end of the report for reference. This report allows users to compare and contrast GREs across regions and sectors.

[Access Report]

Tue 22 Apr, 2025

[S&P U.S. Brief: Colleges And Universities Face Federal Research Funding Cuts That Could Create Financial Pressure]

S&P Global Ratings believes heightened credit risks for U.S. colleges and universities with significant federally funded research are growing, given evolving policies that might reduce or delay the funding, or potentially limit indirect cost recovery rates. Depending on the significance of research funding cuts, R1 and R2 institutions could experience financial pressure; we believe R1 universities (those with very high research spending and doctorate production) are disproportionately affected.

[Continue reading.]

21 Apr, 2025

[The Speed We Need: Unlocking the Secrets of the Accelerated ACFR - GFOA]

Many local governments struggle to complete their Annual Comprehensive Financial Report (ACFR) on time and without excessive effort. This paper explores how governments can streamline the ACFR process to finish faster and with less strain—helping public finance officers avoid burnout and focus on other priorities.

[Read report]

[Where Will Tariff Rates Settle? Three Scenarios Explained - JP Morgan Private Banking]

U.S. large-cap stocks couldn't maintain last week's momentum.

Heading toward the week's close, the S&P 500 (-1.6%) and Nasdaq 100 (-2.3%) fell during the shortened trading week. The relief investors felt from a delay in consumer and industrial electronics tariffs was short-lived, as this week those delays were confirmed to be temporary.

Also weighing on investor sentiment was Federal Reserve Chair Powell's Wednesday speech, which delivered a slightly more hawkish tone. It may indicate that the central bank is unwilling to change its policy rate, given current economic conditions, despite pressure from the Trump administration.

Globally, European (+3.1%) and Chinese offshore (+0.7%) equities continue to perform well, possibly due to a shift away from U.S. dollar-denominated assets amid uncertainty.

Continue reading.

privatebank.jpmorgan.com
