Bond Case Briefs

Municipal Finance Law Since 1971

Finance

The Strategic Case for Extending Duration in Municipal Bonds Amid Escalating Treasury Volatility and Trump-Era Uncertainty

Summary

– Municipal bonds offer 4.73% tax-exempt yield (6.1% effective return) via NMI ETF, outperforming Treasuries by 200 bps in 10–20-year durations.

– Declining Treasury bid-to-cover ratios (2.35–2.53) and flattening yield curves highlight structural fragility, pushing investors toward short-duration assets.

– Duration extension in munis leverages 50 bps steeper yield curves and inflation hedges, with lower equity correlation (0.35) amid Trump-era policy risks.

– Strategic blends of long-duration munis (3.96% yield-to-worst) and short-maturity ETFs like MEAR (3.30%) balance yield capture with risk mitigation.

Continue reading.

ainvest.com

by Nathaniel Stone

Thursday, Sep 4, 2025 5:40 am ET

Munis Rise as Bonds Rally on Job Data Cementing Rate-Cut Bets.

Takeaways by Bloomberg AI

- Municipal bonds rallied after weaker-than-expected job growth raised expectations that the Federal Reserve will start lowering interest rates this month to support the economy.
- Yields on top-rated state and local government debt fell alongside those on Treasuries, with rates on 10-year benchmark tax-exempt bonds dropping to 3.05%, the lowest since April.
- Investors now see a quarter-point rate cut at the Fed’s Sept. 16-17 policy gathering as a sure thing and anticipate a total of three such cuts this year, according to futures contracts.

Municipal bonds rallied after weaker-than-expected job growth raised expectations that the Federal Reserve will start lowering interest rates this month to support the economy.

Continue reading.

Bloomberg Business

By Danielle Moran and Aashna Shah

September 5, 2025

Municipal Bond Risk in Politically Polarized, High-Crime U.S. Cities: Navigating Fiscal and Governance Challenges

Summary

– Political polarization and high crime rates in U.S. cities like Memphis and Detroit amplify municipal bond risks, with partisan narratives skewing public perception despite mixed crime data.

– Federal troop deployments and militarized policing strategies introduce fiscal uncertainties, while racial disparities in majority-Black cities like Detroit raise borrowing costs due to systemic inequities.

– Studies show political gridlock increases bond yields by 7.81 basis points per polarization unit, with governance instability and inconsistent policing further destabilizing markets in polarized urban centers.

– Investors must assess beyond crime statistics, prioritizing local leadership dynamics, policy coherence, and racial equity impacts to mitigate risks in politically fragmented high-crime municipalities.

Continue reading.

ainvest.com

by Albert Fox

Friday, Sep 5, 2025 5:06 pm ET

Muni ETF Inflows Are Beating Mutual Funds by Two-to-One in 2025

Takeaways by Bloomberg AI

- Municipal bond exchange-traded funds drew more than double the amount of cash this year compared to traditional mutual funds focused on the asset class.
- Muni ETFs have nabbed around $19.6 billion in net inflows year-to-date, compared to $8 billion for mutual funds, according to data compiled by CreditSights Inc.
- Demand for municipal-bond ETFs has grown steadily since their introduction in 2007, with their popularity attributed to factors such as lower costs and the potential for diversification.

Continue reading.

Bloomberg Markets

By Aashna Shah

September 2, 2025

Ohio’s Growing Non-Profit Healthcare Bond Market: A High-Yield, Low-Risk Opportunity for Municipal Investors?

Summary

– Ohio’s non-profit hospitals, including the Cleveland Clinic, issued high-rated bonds (Aa2/AA) in 2025, attracting investors with strong credit metrics and $14.5B in unrestricted revenue.

– Robust market demand for these bonds persists, driven by infrastructure spending plans and alignment with ESG goals, despite rising Medicaid risks and 2024 sector downgrades.

– Investors must weigh Medicaid revenue vulnerabilities, labor costs, and macroeconomic risks against yields and geographic diversification in Ohio’s healthcare ecosystem.

– The bonds offer a nuanced opportunity: high yield with investment-grade safety for discerning investors who assess individual issuers’ resilience to systemic pressures.

Continue reading.

ainvest.com

by Eli Grant

Thursday, Aug 28, 2025 8:48 pm ET

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3 Municipal Bond Funds for Reliable Income and Stability.

The debt securities category will always be the first choice for risk-averse investors because this class of instruments provides a regular income at low levels of risk. Income from regular dividends helps to ease the pain caused by plunging stock prices.

When considering the safety of capital invested, municipal bond mutual funds are second only to those investing in government securities. In addition, interest income earned from these securities is exempt from federal taxes and, in many cases, from state taxes.

Continue reading.

Zacks Equity Research

August 28, 2025

Municipal Bond Income and Tax-Advantaged Yield in a High-Rate

Environment: AFB's Strategic Dividend Increase and Its Implications for 2025 Investors

Overview

– AllianceBernstein’s AFB raised monthly dividends by 17.6% to $0.0466/share in August 2025, enhancing income for investors in a high-rate environment.

– The fund allocates 75% to investment-grade municipal bonds and 25% to high-yield municipals, balancing risk while leveraging tax-exempt yields across 37 states.

– AFB’s 4.73% forward yield outperforms corporate bonds after-tax for high-bracket investors, with active duration management and geographic diversification mitigating rate volatility.

– Strategic leverage (48.58% of assets) amplifies returns but increases sensitivity to rate cuts, requiring investors to weigh risk tolerance against potential capital appreciation.

– AFB’s disciplined approach to tax-advantaged income and active management positions it as a resilient option amid fiscal uncertainty and shifting monetary policy in 2025.

Continue reading.

ainvest.com

by Marcus Lee

Tuesday, Aug 26, 2025 11:36 am ET

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2 ETF Options as Muni & Corporate Bonds See Global Appeal.

Muni and corporate bonds trading activity has been reaching record levels through the first half of 2025 at the Intercontinental Exchange (ICE). This certainly speaks to the attractiveness of both, which offer yield and strong fundamentals in the current market landscape.

According to data from ICE, corporate bonds hit a national volume of $120 billion, while muni bonds totaled $109 billion. The rise represented an increase of 20% and 35%, respectively, from the previous year.

“We’re pleased to see the strong activity in the first half of the year, which marks the fourth consecutive year of volume increases in our corporate and municipal bond markets,” said Peter Borstelmann, president of ICE Bonds. ICE has been expanding its trading platforms, while building out its institutional and wealth management network. That’s a potential window into the activity of institutional and accredited investors regarding muni and corporate bonds.

Fixed income investors looking to diversify their portfolios that mainly hold Treasuries may want to consider either munis, corporates, or both. Active funds have been garnering a lot of attention this year. Vanguard has a pair of ETFs worth looking at for those who want simple, core exposure to either munis or corporates in a cost-effective investment vehicle.

Continue reading.

etfdb.com

by Ben Hernandez

Aug 26, 2025

US Banks Cut Back Muni Exposure to Lowest Since Financial Crisis.

Takeaways by Bloomberg AI

- US banks hold nearly $295 billion of municipal securities and around $190 billion in direct loans from municipalities, making up about 1.18% of total bank assets.
- Banks remain “highly diffident” buyers of municipals, according to MMA strategists led by Matt Fabian, despite attractive valuations and a low default rate.
- Banks and insurance companies have scaled back municipal-bond purchases, says Shannon Rinehart, co-head of municipal investments at Columbia Threadneedle, and Eric Kazatsky, a client portfolio manager at MacKay Municipal Managers, attributes their absence to uncertainty around federal tax policy.

Continue reading.

Bloomberg Markets

By Aashna Shah

August 20, 2025

S&P: U.S. Budget Bill Is Negative For Health Care Services Although Financial Impact Will Likely Unfold Over Time And Vary By State And Issuer

Key Takeaways

- The recently passed U.S. tax and spending bill’s provisions, largely targeting the Medicaid program, are generally negative for health care service providers, although the financial effects will occur over time.
- The most impactful changes for the sector are likely reduced individual insurance coverage and cuts to supplemental payments.
- Not-for-profit acute health care providers could be more affected by the changes, but the legislation will create headwinds for all health care service companies to varying degrees.

Overview

S&P Global Ratings believes the recently passed U.S. tax and spending bill, particularly provisions tied to Medicaid (the joint state- and federal-funded program for low-income individuals that is managed largely at the state level), will have more impact on the not-for-profit acute health care sector compared with for-profit health care services because a greater percentage of the issuers are

exposed to a higher Medicaid revenue mix.

We view not-for-profit health care organizations that could be more exposed to changes from the recent bill to include safety-net providers, district hospitals, children's hospitals, and smaller stand-alone providers. However, there could be pockets of exposure for other not-for-profit acute health care organizations, as well as specific for-profit health care service providers that incorporate a more diverse set of health care service organizations beyond acute-care hospitals.

Continue reading.

19-Aug-2025 | 15:51 EDT

Medicaid Cuts 'Blow Up' Financing Options for Rural Hospitals.

Takeaways by Bloomberg AI

- Columbia Threadneedle Investments says Medicaid cuts could push rural hospital systems out of the municipal bond market, according to Shannon Rinehart, the firm's co-head of muni investments.
- Rural hospitals depend on bond-market financing to build new facilities, upgrade existing property or buy new equipment, but investors have been getting nervous about the sector since Republicans passed their budget bill cutting about $1 trillion from Medicaid.
- The National Rural Health Association says the legislation will limit access to care for all rural patients by ending their health-care coverage and putting financial strain on the facilities they rely on.

Continue reading.

Bloomberg Markets

By Elizabeth Rembert

August 22, 2025

How AI Helped a California City Insure Against Flood Risk.

Floods are frequent, unpredictable and expensive. Fremont, Calif., is one of the first cities to secure flood insurance designed using AI.

In Brief:

- A series of damaging floods in recent months has brought financial hardship to local governments.
- Scientists are developing new maps and tools that allow insurers to cover entire areas for disasters such as flooding, rather than coverage for specific buildings.
- A Bay Area city is among the first to buy this form of insurance, which is driven by insights from artificial intelligence.

Sitting high and dry on a hill, the police complex in Fremont, Calif., was the one municipal facility

with flood insurance. This was because the hill was technically in a flood plain and the building served as collateral for a bond.

Steven Schwarz, Fremont's risk manager, found this frustrating. "I have to insure a building for flood that's never going to be flooded, whereas I've got other places in the city that potentially could be flooded," he says.

When Schwarz brought this up in a conversation with his insurance broker, the broker introduced him to another option: A policy that could protect the city in the event of flooding anywhere in Fremont's entire geographical area.

Continue reading.

governing.com

by Carl Smith

August 22, 2025

Local Governments Could Be Flying Blind as Federal Data Disappears.

State and local governments depend on federal data for everything from community planning to disaster response. What happens if it goes away?

In Brief:

- Following a series of announcements about new federal priorities, the Trump administration removed data tools crucial to state and local governments.
- Some have been restored, but questions remain about the long-term availability of federal data once taken for granted.
- Local governments don't have the ability to duplicate most of the data sets they rely on to plan for the future and create new policy.

State and local governments have long understood they'd have to adjust to shifting federal priorities under the Trump administration. But many did not recognize they might have to adapt to a world where it's harder to access crucial data.

Recent changes in federal data collection and distribution will make it harder for state and local governments to plan for things like disease outbreaks, disasters, crime prevention, transportation and housing policy, says Brian Castrucci, the president and CEO of the de Beaumont Foundation, a public health nonprofit.

Continue reading.

governing.com

by Carl Smith

August 21, 2025

Nossaman: EPA Updates WIFIA Program Requirements

The U.S. Environmental Protection Agency (EPA) has updated the federal requirements for the Water Infrastructure Finance and Innovation Act (WIFIA) Program through more than a dozen changes to the WIFIA Borrower Guide to Federal Requirements (Borrower Guide) and the WIFIA Specification Package and Bid Contract Language (Bid Contract Language). While some changes are minor, others will likely have major impacts on project owners and developers.

Guidance for Collaborative Delivery Projects

The EPA added a new section, "Collaborative Delivery Projects," to the Borrower Guide, which focuses on WIFIA compliance for alternative delivery projects such as design-build, progressive design-build, construction manager at risk, and construction manager/general contractor. The new section makes clear that, for alternative delivery projects, it is the responsibility of the WIFIA borrower, not the project delivery firm, to ensure proper communication regarding compliance with WIFIA Program requirements to the entities developing the project and to define the roles and responsibilities between those entities for compliance documentation and reviews.

Continue reading.

By Kyle Howe on 08.20.2025

Nossaman LLP

Judicial Constraints on Trump's Sanctuary City Funding Cuts: Assessing Risks to Municipal Bonds in a Divided Federal System

Overview

– Trump's funding cuts to sanctuary cities blocked by courts, highlighting federal-state legal clashes over immigration enforcement.

– Judicial rulings like Orrick's protect municipal grants, reducing credit risk but creating uncertainty for investors amid political divides.

– Historical precedents show mixed impacts on credit ratings, while investors favor resilient jurisdictions with diversified revenue and legal defenses.

– Investors advised to prioritize cities with strong fiscal discipline and legal resilience, avoiding high-risk areas facing direct funding threats.

Continue reading.

ainvest.com

by Harrison Brooks

Friday, Aug 22, 2025 10:49 pm ET

Trump's Federal Policies and the Municipal Bond Market: Navigating Political Risks and Credit Uncertainty

Overview

– Trump-era policies reshaped municipal bond markets and local governance spending through deregulation, tax reforms, and funding cuts.

– The 2017 TCJA increased borrowing costs by $824B over a decade by eliminating tax exemptions for advance refunding bonds and threatening PABs.

– Medicaid and education funding cuts, plus climate risks, exposed fiscal vulnerabilities in states like Kansas and Washington, D.C., triggering credit downgrades.

– Deregulation and policy uncertainty heightened political risks, forcing investors to prioritize diversification and hedging against credit stress.

Continue reading.

ainvest.com

by Cyrus Cole

Saturday, Aug 23, 2025 3:14 am ET

Assessing Risk and Opportunity in U.S. Municipal Bonds and Real Estate Amid Trump's Law-and-Order Agenda.

Overview

– Trump’s law-and-order policies risk municipal bond credit ratings via federal grant cuts to sanctuary cities like NYC and Chicago.

– Federal workforce reductions and immigration restrictions threaten urban real estate markets in D.C., LA, and Chicago through reduced demand.

– Proactive cities leveraging bonds for housing/education and adaptive reuse tax incentives may offer resilient investment opportunities.

– Investors must prioritize diversified portfolios, monitor legal challenges to sanctuary policies, and target resilient urban centers with strong governance.

Continue reading.

ainvest.com

by Harrison Brooks

Friday, Aug 22, 2025 2:47 pm ET

Federal Overreach and Municipal Bonds: Navigating Credit Risk in a Politicized Landscape

Overview

– Trump's federal interventions in local governance, including military deployments and sanctuary city policies, have heightened municipal credit risk and triggered legal challenges.

– Credit agencies like Moody's and Fitch have downgraded or placed jurisdictions (e.g., D.C., Kansas) on negative outlook due to federal overreach disrupting budgeting and governance.

– The 2025 OBBBA Act preserved tax-exempt bond status but introduced Medicaid cuts and delayed disaster aid, exposing municipalities to fiscal shocks in high-risk regions.

– Investors now prioritize states with fiscal discipline (e.g., Oklahoma) while avoiding politically vulnerable jurisdictions, as credit risk increasingly depends on policy shifts over pure financial metrics.

Continue reading.

ainvest.com

by Isaac Lane

Saturday, Aug 23, 2025 10:01 pm ET

Bloomberg Masters of the Muniverse: Inside Muni Strategy with Jason Hannon

The record-breaking pace of muni issuance and investors' risk-off tone toward duration have been key drivers of the municipal yield curve's sharp steepening, leading to its underperformance relative to other fixed income asset classes. In an environment also marked by market volatility and shifting policy dynamics, the case for active management in munis has never been stronger.

In this episode of Masters of the Muniverse, Bloomberg Intelligence analyst Karen Altamirano is joined by Jason Hannon, Head of Municipal Strategy and Senior Portfolio Manager at Wilmington Trust, to discuss how this year's market developments are shaping muni investment decisions. This is part of BI's FICC Focus podcast series.

Listen to audio.

Aug 19, 2025

Vanguard: Opportunities in Today's Municipal Market

In this Q&A, Mathew M. Kiselak, Vanguard's head of active municipal portfolio management, shares

his insights on the municipal bond market, opportunities for investors in the current environment, and why munis may be particularly suitable for rigorous active managers.

Munis were volatile earlier this year. What was driving that?

It's been a bifurcated market between short and long munis. At the short end of the curve, yields have been falling because of expectations that the economy will slow by year-end and that the slowdown will lead to easing by the Federal Reserve. At the long end of the curve, yields have been rising because of uncertainty surrounding tariffs, inflation, and deficit spending, while supply has been increasing. The yield curve has sharply steepened, creating opportunities with longer munis.

Can you elaborate on why long munis are attractive now?

Munis have strong credit fundamentals—defaults are rare among munis with credit ratings of A and higher. And long munis are providing compelling after-tax returns. A yield of 4.80%, for example, is equivalent to 7.62% for someone in the 37% tax bracket—that's on par with historical average equity returns of 7% to 9%, but with less risk.

Given the current combination of attractive risk characteristics and high after-tax yields—and the richer valuations of other asset classes like U.S. equities—high-quality, intermediate- to long-term munis may be something to consider. The breakeven tax bracket is lower than it generally has been in the past, even with current tax brackets that will be extended past 2025 under recent legislation.

Continue reading.

Vanguard

by Mathew M. Kiselak
Vanguard Head of Active Municipal Portfolio Management

August 19, 2025

Forbes: 2 'Bargain Bin' Muni Bonds That Will Slash Your Tax Bill.

What if I told you we've got a shot at grabbing 2 cheap muni bonds that kick out huge dividends—I'm talking 7.5% and higher—and those payouts are *tax-free* too?

What I'm talking about might be the last bargain available to us in this (overheated) stock market. Stocks' roll higher since the Liberation Day tariffs were put on hold has meant fewer income opportunities from S&P 500 names (as yields and share prices move in opposite directions).

That's added even more appeal to the tax-free dividends (two, in particular) we're going to talk about below. They deal in *municipal bonds*, which are issued by state and local governments to fund infrastructure projects. "Munis" also tend to offer healthy yields, typically 200 basis points above those on a 10-year Treasury note.

Continue reading.

Forbes

By Michael Foster,Contributor. *Michael writes on high income assets that help people retire early.*

Aug 19, 2025, 07:12am EDT

Record First Half at ICE Bonds for Corporate and Municipal Bond Trading.

Registers first spread-based click-to-trade corporate bond order

ATLANTA & NEW YORK–(BUSINESS WIRE)– Intercontinental Exchange (NYSE: ICE), a leading global provider of technology and data, today announced record trading volume in the first half of 2025 for corporate bond and municipal bond trading on the ICE Bonds' electronic execution platforms.

Trading on ICE Bonds reached record notional volume of $120 billion for corporate bonds in the first half of 2025, up 20% from the first half of 2024. Municipal bond trading reached record notional volume of $109 billion in the first half of 2025, up 35% from the first half of 2024.

"We're pleased to see the strong activity in the first half of the year, which marks the fourth consecutive year of volume increases in our corporate and municipal bond markets," said Peter Borstelmann, President of ICE Bonds. "This growth is in line with the progress we've made over the last few years expanding the functionality on our platforms and building out our institutional and wealth management network of customers."

ICE Bonds also recently recorded its first spread-based click-to-trade order, which blends the spread-based pricing protocol that institutional investors use with the click-to-trade execution protocol that is predominantly used by retail investors and wealth managers. This offers our market participants the risk management benefits of quotes priced at a spread to Treasuries, along with the ease of use and access that click-to-trade offers investors of all types. It also allows market participants to leverage the most efficient technology to access the growing volume of smaller-sized trades that we have seen become more prevalent in the fixed income market.

ICE Bonds offers deep liquidity pools that support multiple trading protocols including click-to-trade, sweeps, auctions and request for protocol (RFQ), with a vast breadth of fixed income data. ICE Bonds recently launched a new RFQ protocol for Mortgage-Backed Securities (MBS), which sits alongside ICE Bonds' existing MBS Click-to-Trade marketplace and allows clients to send MBS RFQs within ICE TMC's anonymous trading pool.

ICE's evaluated pricing and analytics power those protocols, offering transparency and support across pre-trade, trade and post-trade workflows. Focused on execution efficiency, ICE Bonds enables both anonymous and disclosed counterparty interactions, and trading from odd-lots to blocks for Corporates, Municipals, Agencies, Treasuries and Certificates of Deposit.

For more information about ICE Bonds, please visit https://www.ice.com/fixed-income-da-a-services/fixed-income/ice-bonds.

Aug 18, 2025

Ultra-Short Municipal Bonds: A Tax-Advantaged Haven in a Rising Rate

World.

Overview

– FUMB offers ultra-short municipal bonds to balance yield and rate risk in a high-interest environment.

– Its 0.61-year duration and 77.6% holdings maturing within 1 year minimize principal erosion from rate hikes.

– Tax-exempt income and active management (0.35% fee) enhance appeal for high-tax-bracket investors.

– The fund's diversified, short-duration strategy provides stability amid Fed policy uncertainty and yield curve shifts.

Continue reading.

ainvest.com

by Rhys Northwood

Friday, Aug 22, 2025 4:53 am ET

Tough Challenges for Counties in a New Era of Fiscal Federalism.

Cuts in funding don't change counties' obligations to their residents. They will have to figure out how to raise new revenue, cut services or both. But success in navigating this new landscape won't come from austerity alone.

For decades, the federal government played a familiar role in the intergovernmental fiscal landscape: a partner that stepped in during times of extraordinary need. During natural disasters, agencies like the Federal Emergency Management Agency provided rapid emergency assistance. During economic crises, major legislation — most recently the American Rescue Plan Act — delivered flexible funding to help local governments respond, recover and rebuild.

Today, we are entering a new phase of fiscal federalism, one in which local governments are not just shouldering more of the work but are increasingly responsible for funding and delivering programs originally designed as federal commitments. With its administrative actions and the passage of the One Big Beautiful Bill Act, the federal government is stepping back from its traditional support role. And in doing so, it is placing county governments in particular under intensifying fiscal pressure while leaving in place the legal and programmatic obligations to provide mandated services such as SNAP food benefits or ensuring that county hospitals offer medical care to all regardless of insurance status.

This shift in responsibility was the focus of intense discussion at the recent annual conference of the National Association of Counties (NACo). Across panels and roundtables, the sense was clear: This is not a momentary squeeze, but the beginning of a lasting change in how counties are expected to govern.

Continue reading.

OPINION | August 15, 2025 • Jed Herrmann and Teryn Zmuda

governing.com

Impacts from the One Big Beautiful Bill Act: A Guide for City Leaders - Brownstein

The One Big Beautiful Bill Act (OBBBA) was signed into law on July 4, 2025. Its primary objective is to extend key provisions of the 2017 Tax Cuts and Jobs Act (TCJA), including individual and corporate tax cuts. Beyond tax policy, the bill significantly reshapes federal spending and regulatory frameworks. Cities will likely feel the impact most acutely in four key areas:

1. **municipal funding**, as the federal government shifts financial responsibility to state and local governments;
2. **environmental impact**, with rollbacks to renewable energy tax incentives;
3. **health care and social safety net reductions**, including stricter Medicaid eligibility requirements and cuts to Affordable Care Act subsidies; and
4. **modifications to opportunity zones (OZs)**, which alter investment incentives and eligibility criteria.

Continue reading.

Brownstein Hyatt Farber Schreck LLP – Douglas J. Friednash, Bart Reising, Daniel Joseph, Greg Sileo and John S. LaLime

August 12 2025

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

In July 2025, S&P Global Ratings maintained 28 ratings without revising the outlooks, took six positive ratings actions, and took eight negative rating actions in the U.S. not-for-profit health care sector. In addition, we revised two outlooks favorably and revised two outlooks unfavorably without changing the ratings.

The month's activity also comprised 14 new sales. Those reviews included:

- Bonds issued by 10 systems and four stand-alone hospitals.
- An affirmation on the entity's outstanding debt for most of the organizations.
- Raising the rating on one organization's outstanding debt.
- Lowering the rating on two organizations' outstanding debt.
- Revising the outlook to positive on one organization's outstanding debt.
- Removing the rating from CreditWatch on one organization's debt.
- Two new issuers: Phelps County Regional Medical Center, Mo., and Roswell Park Cancer Institute, N.Y.

The 18 rating changes and outlook revisions consisted of the following:

Continue reading.

15-Aug-2025 | 17:37 EDT

S&P U.S. Not-For-Profit Health Care System Median Financial Ratios--2024

View the S&P report.

07-Aug-2025 | 10:07 EDT

S&P U.S. Not-For-Profit Acute Health Care 2024 Medians: Positive Operating Performance Resumes

Key Median Takeaways

- Operating and cash flow margins improved, supporting a return to pre-pandemic maximum annual debt service (MADS) coverage. That said, profitability measures remain well below the decade's historical baseline, with some unevenness in certain organizations.
- Unrestricted reserves increased, yet days' cash on hand were flat. Median absolute unrestricted reserves rose faster than in the previous year, with improvement in cash flow and strong investment returns. However, expense growth continued to pressure operating liquidity, with median days' cash on hand remaining near 200, but still down relative to most years in the past decade.
- Leverage remained sound, with strengthening median debt-related metrics. Median debt measures continued to improve in fiscal 2024 with stronger median debt to capitalization, debt burden, and unrestricted reserves to long-term debt. Defined-benefit pension plan funding levels remain strong. We anticipate some worsening in debt metrics in the coming year as providers increase borrowing.
- Sector view is stable. Supported by median operating income and debt service coverage improvements as well as sound reserve and liquidity metrics, our sector view remains stable, but headwinds could exacerbate the sector's slow recovery and future stabilization in performance.

Continue reading.

07-Aug-2025 | 09:51 EDT

S&P U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios--2024

View the S&P report.

07-Aug-2025 | 10:21 EDT

S&P U.S. Not-For-Profit Health Care Children's Hospital Median Financial Ratios--2024

View the S&P report.

07-Aug-2025 | 10:28 EDT

S&P U.S. Not-For-Profit Health Care Small Stand-Alone Hospital Median Financial Ratios--2024

View the S&P Report.

07-Aug-2025 | 10:34 EDT

S&P U.S. Not-For-Profit Acute Health Care Speculative-Grade Median Financial Ratios--2024

View the S&P Report.

07-Aug-2025 | 10:40 EDT

Fitch: U.S. Higher Education Credit Profiles Pressured by Key Person Risk

Fitch Ratings-New York/Chicago-13 August 2025: U.S. higher education institutions are increasingly vulnerable from high turnover of key administrators and significant staff reductions at the Department of Education (DOE), Fitch Ratings says. These challenges are particularly acute amid rapidly evolving federal policy issues and long-term sector dynamics such as changes in demographics.

University leadership stability and effectiveness have a direct influence on a university's operating stability and financial risk. Leadership gaps—especially among college presidents, chief financial officers, board members, and other senior executives—can amplify existing risks and lead to negative credit rating actions. Fitch has observed that frequent executive turnover and weak board engagement often create ongoing risks for strategic direction and financial planning, particularly hurting lower-rated universities' credit profiles. In two of the four downgrades of private institutions thus far YTD, president and other leadership turnover within the prior two years were contributing factors.

According to the American Council on Education's (ACE) 2023 survey, approximately 25% to 40% of public and private higher education institutions have seen their presidents retire or move on to new roles in the past three years. The average tenure for a college president is now only about 5.9 years. Executive search timelines often extend over 9-12 months, hindering fundraising efforts, delaying necessary reforms, creating uncertainty around institutional direction, and causing unease among

employees and faculty. Leadership changes also trigger further turnover, resulting in gaps in oversight or financial stewardship.

Continuity issues extend beyond executive leadership. Turnover among admissions and financial aid staff, who are responsible for executing recruitment and retention strategies, can disrupt enrollment planning and impact student demand and institutional reputation. During operational stress, Fitch evaluates enrollment strategies with particular attention to demographic shifts. Mismanagement of financial aid can lead to enrollment volatility, further affecting prospective student demand and donor support. Administrative decisions on academic offerings and program relevance also affect the ability to attract and retain students in order to support sustainable student-generated revenue.

External pressures can compound internal challenges. The DOE's workforce has shrunk by about 50% since March, which is likely to increase operational challenges by delaying funding, limiting resource availability, and slowing oversight and approvals. Further, a flurry of federal actions directed at higher education have often required rapid, clear analysis and responses across institutional departments. Turnover in key decision-making roles can delay or muddle these responses, increasing uncertainty and reputational risk.

Fitch's credit analysis incorporates operational and revenue stability in a forward-looking framework. As such, an expectation for stable leadership and effective and consistent plan execution are key components in our ratings and outlooks. Leadership's approach to liquidity management and reserve policies is critical during financial and operating stress. Turnover that erodes institutional controls or destabilizes an institution's finances may impact ratings. Missteps in regulatory compliance can jeopardize funding and operational continuity, increasing operational and reputational risks that subsequently affect enrollment and future viability.

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

S&P Global Ratings' U.S. public finance housing rating actions (including outlook revisions) for second-quarter 2025 consisted of 18 positive rating actions, three negative rating actions, and 61 affirmations.

Second-Quarter Rating Actions

We took positive rating actions on 14 rental housing bond (RHB) credits, which consisted of 10 upgrades and four outlook changes (see table 1). Eight of the upgrades were in the military housing subsector. Of the eight upgrades, four reflected improved and sustained financial performance due to completion of repairs from the damage of Hurricane Florence, while another four reflected improved net cash flow, with effective gross income increasing at a higher rate than operating expenses. The remaining two upgrades were in the age-restricted housing subsector, reflecting improved net cash flow as a result of additional properties being included in the obligated group, as well as higher occupancy rates and ongoing expense management, which ultimately resulted in stronger maximum annual debt service (MADS) coverage.

Two of the positive rating actions were outlook revisions to positive on the first and second lien of an RHB in the military housing subsector as result of increases in occupancy and the Basic Allowance for Housing (BAH) rates, leading to improved MADS coverage and the likelihood that coverage will continue trending positively, which, all else being equal, could lead to higher overall credit quality. The remaining two outlook revisions to positive from stable occurred in the military housing and

mobile home subsectors. The military housing outlook revision was due to increases in net rent collections from higher occupancy and rising BAH rates, while the mobile home outlook revision was due to ongoing expenditure management.

Continue reading.

13-Aug-2025 | 16:12 EDT

S&P: Solid Rent Growth Leads To Upgrades Across The U.S. Military Housing Sector In 2024 And First-Half 2025

Key Takeaways

- The U.S. military housing sector is stable and has demonstrated improved credit quality over the past year, primarily due to steady growth in federal operating subsidies.
- Demand for military housing remains high, with occupancy levels averaging 94% across rated entities.
- Challenges to the sector center on future recruitment for military personnel, as the active-duty workforce based in the U.S. has been shrinking steadily since 2020; however, all of the service branches have reported rising recruitment numbers in 2025.

Continue reading.

14-Aug-2025 | 15:17 EDT

S&P Default, Transition, and Recovery: 2024 Annual Infrastructure Default And Rating Transition Study

(**Editor's Note:** Previous versions of this study included project finance issues as well as infrastructure issues that we analyzed under our corporate methodology. We have now changed our approach to focus exclusively on infrastructure issuer credit ratings that use the corporate criteria. For this reason, previous years' findings will not be consistent with this year's.)

Key Takeaways

- There were five infrastructure defaults in 2024, the same as in 2023, with the default rate stable at 0.54%.
- Three of the defaults were from utilities, one from oil and gas, and one from power.
- Upgrades outpaced downgrades 70 to 49, up from 55 and 43 in 2023.

The default tally among infrastructure entities rated by S&P Global Ratings was five in 2024, the same as in 2023 (see table 1). The default rate remained stable at 0.54%.

While investment-grade (rated 'BBB-' or higher) defaults remain rare, there was one (confidentially rated) investment-grade default in 2024, along with three speculative-grade (rated 'BB+' or lower) defaults and one default from an issuer with a withdrawn rating. Investment-grade defaults have averaged 0.2 per year since 1981, compared with 1.7 speculative-grade defaults per year. The

investment-grade default rate was 0.2% in 2024, up from zero in 2023, while the speculative-grade default rate fell to 1.5% from 2.0%.

Continue reading.

13-Aug-2025 | 17:17 EDT

USDOT Notice of Funding Opportunity: Innovative Finance and Asset Concession Grant Program

$45.98 Million Now Available – Applications Due October 1, 2025

Today, the U.S. Department of Transportation's Build America Bureau (Bureau) announced a Notice of Funding Opportunity (NOFO) for the Innovative Finance and Asset Concession Grant Program (IFAC) making up to $45.98 million available to help public entities scan their existing assets to unlock their value and explore innovative financing, alternative delivery, and public-private partnership opportunities. Grants up to $2 million are available, with the first million requiring no local match.

Two types of grants are available under the program: Technical Assistance Grants and Expert Services Grants. Applicants can apply for either type of grant but must choose one for this round of funding.

Applications must be submitted through grants.gov, and are due October 1, 2025, at 11:59 p.m. ET.

The Build America Bureau will hold a free informational webinar for interested applicants on August 27, 2025, at 2:00 p.m. ET. Register for the webinar. Participation is not required, but is strongly recommended for applicants to learn more about the program and its requirements. For accommodations, please contact InnovativeFinanceTA@dot.gov by August 20, 2025. The recording and a copy of the presentation slides will be posted to IFAC's webpage following the event.

Please email InnovativeFinanceTA@dot.gov with any questions and subscribe for email updates.

The Build America Bureau advances investment in transportation infrastructure by lending Federal funds to qualified borrowers; clearing roadblocks for credit worthy projects; and encouraging best practices in project planningfi ,nancing, delivery, and operations. The Bureau draws on expertise across DOT to serve as a point of coordination for states, municipalities, private partners, and other project sponsors seeking federal financing and technical assistance.

If you are interested in exploring federal financing with the Build America Bureau, please contact us at BuildAmerica@dot.gov.

Upcoming Window 2 CDFI Certification Deadline and Service Request Cutoff.

In June 2024, the Community Development Financial Institutions Fund (CDFI Fund) released the General Reapplication Submission Deadlines for the CDFI Certification Application for all Certified

CDFIs. The second reapplication submission window, Window 2, closes on September 30, 2025. To avoid delays or loss of Certification, organizations must act now to prepare their submissions and resolve outstanding issues.

Cut-off for Service Requests and Help Desk Questions

The CDFI Fund has been receiving a heavy volume of inquiries from CDFI Certification Applicants. In order to ensure a timely response to questions from Window 2 Applicants before the September 30 deadline, the CDFI Fund is implementing a cut-off for CDFI Certification Application-related Service Requests and Help Desk questions. The CDFI Fund will answer questions from Window 2 Applicants about the CDFI Certification Application submitted before **11:59 p.m. ET on September 12, 2025**. After that time, Application questions from Window 2 Applicants received via Help Desk calls, Help Desk e-mails, and Service Requests will not be answered.

Technical support for AMIS will still be available for Window 2 Applicants until **5:00 p.m. ET on September 30, 2025**.

Continue reading.

Friday, August 15, 2025

U.S. Department of Transportation Announces $46 Million Available for Innovative Finance and Asset Concession Grants.

Grants will empower communities to generate additional value from existing assets and deliver infrastructure faster and at lower cost using private sector innovative solutions and financing

WASHINGTON, D.C. – The U.S. Department of Transportation's (USDOT) Build America Bureau (Bureau) today released a Notice of Funding Opportunity (NOFO) for the Innovative Finance and Asset Concession Grant Program (IFAC), making $45.98 million available to assist public entities in facilitating and evaluating public-private partnerships and exploring innovative financing and alternative delivery opportunities for Transportation Infrastructure Finance and Innovation Act (TIFIA)-eligible projects. Grants are available for up to $2 million, with the first $1 million requiring no local match. This is the second NOFO for IFAC, with funds allocated from fiscal years 2024, 2025, and 2026 (if available). Applications are due no later than October 1, 2025.

Two types of grants are available under the program: technical assistance and expert services. Technical assistance grants enable recipients to build organizational capacity and identify a portfolio of underutilized assets by hiring qualified employees or procuring advisors. Expert services grants enable recipients to procure expert professionals in connection with the development of a specific asset or assets. Applicants must choose one of the grant types to apply for in this round of funding.

Eligible applicants include state, Tribal, or local governments; special purpose public authorities; or agencies chartered by a state, Tribal, or local government.

> "This novel program is promoting efficient and effective use of publicly owned assets, by enabling communities to find answers to this basic question: do they have underutilized assets that can be leveraged to address their infrastructure needs?" said Bureau Executive Director Morteza Farajian, Ph.D. "The Bureau is constructing a bridge

> between our state, tribal, and local partners who have valuable underutilized assets and private partners who have expertise and financial capital to generate additional value from those assets to address community needs faster and at lower cost."

The Bureau will host a free informational webinar about the IFAC NOFO and program on August 27, 2025, from 2:00 p.m. to 3:30 p.m. ET (register here). Accommodation requests must be submitted to InnovativeFinanceTA@dot.gov by August 20, 2025. While participation in the webinar is not mandatory to receive funding, the Bureau encourages potential applicants to learn about the application process and activities that can be funded before applying.

The Bureau will post a recording of the webinar and a copy of the presentation on the Innovative Finance and Asset Concession Grant Program website.

This program, along with the Rural and Tribal Assistance Pilot Program, Regional Infrastructure Accelerator Program, and other technical assistance resources at USDOT, helps ensure communities have tools to access federal funding and financing for delivering transformative infrastructure projects faster and at lower cost.

Friday, August 15, 2025

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The Build America Bureau accelerates investment in transportation infrastructure by lending Federal funds to qualified public and private borrowers; clearing roadblocks for creditworthy projects; providing technical assistance services and grants to build regional and local capacity and implement best practices and innovative solutions in project planning, funding, financing, delivery, and operations. The Bureau draws on expertise across USDOT to serve as the point of coordination for states, municipalities, private partners, and other project sponsors seeking Federal financing.

Oil-Waste Recycling Business Backed by Muni Bonds Goes Bankrupt.

Takeaways by Bloomberg AI

- Aleon Metals LLC filed for Chapter 11 in US Bankruptcy Court for the Southern District of Texas after the venture was marred by equipment failures and commodity price volatility.
- Aleon said it secured $188 million of financing from bondholders to continue operations while it seeks a buyer during the bankruptcy proceedings, according to the company.
- Tarun Bhatt, the chief executive officer of Aleon, said "We've worked diligently to streamline our operations and position Aleon for continued growth," in a statement.

The owner of a Texas facility that recycles metals extracted from oil-refinery waste filed for bankruptcy after the venture was marred by equipment failures and commodity price volatility.

Aleon Metals LLC, which is responsible for $294 million of municipal debt that financed the construction of the recycling plant and another under development, filed for Chapter 11 Sunday in US Bankruptcy Court for the Southern District of Texas.

Continue reading.

Bloomberg Industries

By Martin Z Braun

August 18, 2025

Brightline Rail's Rough Stretch Sinks Muni Transit Debt Broadly.

Takeaways by Bloomberg AI

- The struggles of Florida's Brightline private railroad are affecting the municipal-bond market, with junk-rated transportation debt having its worst performance in a decade.
- According to Miguel Laranjeiro, investment director at Aberdeen Investments, "How Brightline moves is how the transportation high-yield sector moves," and the company's issues have put pressure on the transportation sector of high yield.
- Dan Solender, director of tax-free fixed income for Lord, Abbett & Co, said that after initial worries that Brightline's woes could spread to the rest of the high-yield market, he is seeing more people park money in lower-rated securities.

The struggles of Florida's Brightline private railroad are rippling through the municipal-bond market, sending junk-rated transportation debt to its worst performance in a decade.

Taxable and tax-exempt bonds of the money-losing rail company, which runs from Miami to Orlando, shed $870 million in market value last month after it delayed an interest payment on about $1.2 billion of debt. Ridership and revenue in Florida are trailing projections, and S&P Global Ratings and Fitch Ratings have cut its senior municipal bonds deeper into junk.

Continue reading.

Bloomberg Markets

By Elizabeth Rembert

August 13, 2025

US Municipal Bond Market Posts Negative Returns in Q2 2025 Amid Inflation and Monetary Policy Uncertainty.

The US municipal bond market experienced negative returns in Q2 2025 due to inflation and monetary actions by the Federal Open Market Committee and fiscal actions by the Trump administration. These broader themes impacted the market, with a focus on interest rates and economic uncertainty.

The US municipal bond market experienced negative returns in the second quarter of 2025, primarily driven by inflation and monetary actions by the Federal Open Market Committee (FOMC) and fiscal actions by the Trump administration. These broader themes significantly impacted the market, with a focus on interest rates and economic uncertainty.

Inflation, which has been a persistent issue, has led to higher interest rates, making municipal bonds less attractive to investors. The FOMC's recent monetary policy actions, aimed at controlling inflation, have further exacerbated this trend. Additionally, the Trump administration's fiscal policies, including the proposed takeover of the Washington, DC, police force, have contributed to economic uncertainty, further impacting the market [1].

Continue reading.

Ainvest.com

Sunday, Aug 17, 2025

Capital Group Junk Muni ETF's Assets Jump 639% After Inflow.

Takeaways by Bloomberg AI

- A high-yield municipal-bond fund run by Capital Group saw an inflow of $1.54 billion on Friday.
- The fund's assets jumped to $1.78 billion, a 639% gain, after the influx of cash, according to the data.
- The increase was due to the ETF being added to Capital Group's tax-aware portfolio series and model portfolios, a spokesperson said.

A high-yield municipal-bond fund run by Capital Group saw the biggest inflow of any US-based exchange-traded fund on Friday, with an infusion of $1.54 billion.

The Capital Group Municipal High-Income ETF had $241 million of assets on Thursday. One day later, that had jumped to $1.78 billion, a 639% gain, after the massive influx of cash, the data shows.

Continue reading.

Bloomberg Markets

By Elizabeth Rembert

August 18, 2025

Record First Half at ICE Bonds for Corporate and Municipal Bond Trading.

Record First Half at ICE Bonds for Corporate and Municipal Bond Trading

Registers first spread-based click-to-trade corporate bond order

Intercontinental Exchange (NYSE: ICE), a leading global provider of technology and data, today announced record trading volume in the first half of 2025 for corporate bond and municipal bond trading on the ICE Bonds' electronic execution platforms.

Trading on ICE Bonds reached record notional volume of $120 billion for corporate bonds in the first half of 2025, up 20% from the first half of 2024. Municipal bond trading reached record notional

volume of $109 billion in the first half of 2025, up 35% from the first half of 2024.

“We’re pleased to see the strong activity in the first half of the year, which marks the fourth consecutive year of volume increases in our corporate and municipal bond markets,” said Peter Borstelmann, President of ICE Bonds. “This growth is in line with the progress we’ve made over the last few years expanding the functionality on our platforms and building out our institutional and wealth management network of customers.”

ICE Bonds also recently recorded its first spread-based click-to-trade order, which blends the spread-based pricing protocol that institutional investors use with the click-to-trade execution protocol that is predominantly used by retail investors and wealth managers. This offers our market participants the risk management benefits of quotes priced at a spread to Treasuries, along with the ease of use and access that click-to-trade offers investors of all types. It also allows market participants to leverage the most efficient technology to access the growing volume of smaller-sized trades that we have seen become more prevalent in the fixed income market.

ICE Bonds offers deep liquidity pools that support multiple trading protocols including click-to-trade, sweeps, auctions and request for protocol (RFQ), with a vast breadth of fixed income data. ICE Bonds recently launched a new RFQ protocol for Mortgage-Backed Securities (MBS), which sits alongside ICE Bonds’ existing MBS Click-to-Trade marketplace and allows clients to send MBS RFQs within ICE TMC’s anonymous trading pool.

ICE’s evaluated pricing and analytics power those protocols, offering transparency and support across pre-trade, trade and post-trade workflows. Focused on execution efficiency, ICE Bonds enables both anonymous and disclosed counterparty interactions, and trading from odd-lots to blocks for Corporates, Municipals, Agencies, Treasuries and Certificates of Deposit.

For more information about ICE Bonds, please visit https://www.ice.com/fixed-income-da-a-services/fixed-income/ice-bonds.

Provided by Business Wire Aug 18, 2025, 5:30:00 AM

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2 ETF Options as Munis Offer Insulation From Tariff Contagion.

Lauded for their yield, credit quality, and of course, their federal tax-free income, municipal bond benefits are also extending into the containment of tariff contagion. A pair of funds that income investors should consider are the Vanguard Tax-Exempt Bond ETF (VTEB) and the Vanguard Core Tax-Exempt Bond ETF (VCRM).

As Vanguard noted, because munis derive their income from sources such as state income or property taxes, they are more insulated from the effect of tariffs, which have remained front and center in the 24-hour financial news cycle. Compare this to corporate bonds where certain companies could be affected by tariff levies on their products or even safe haven Treasuries where the rising cost of imported goods could keep inflation elevated and thus, apply downward price pressure while yields remain high.

“Municipal bonds also offer potential tax benefits, along with a domestic focus that largely shields them from tariff-related risks,” noted Vanguard in its most recent ETF industry perspective, noting that the income derived from munis are “insulated from the cause-and-effect concerns surrounding tariff policies.”

Continue reading.

etftrends.com

by Ben Hernandez

August 15, 2025

Systemic Risk in U.S. Law Enforcement: Unpacking the Financial Market Implications of Police Accountability and Public Trust Erosion

– Police accountability failures are reshaping municipal bond markets, driving credit downgrades and rising insurance liabilities as cities like Phoenix and Minneapolis face fiscal strain from reform costs.

– Racial disparities in credit ratings highlight systemic biases, with cities having larger Black populations often rated lower despite comparable economic performance, merging social justice with financial risk.

– Third-party litigation financing inflates settlement costs by 27%, pressuring insurers and municipalities as prolonged legal battles increase borrowing costs and regulatory scrutiny intensifies.

– Investors must balance high-yield litigation finance opportunities with governance risks, prioritizing cities with transparent reforms and diversified revenue to mitigate systemic instability.

Continue reading.

ainvest.com

by Henry Rivers

Saturday, Aug 16, 2025 4:30 am ET

The Municipal Bond Market's Post-Golden Age Realignment.

Municipal Bond Credit Quality Remains Strong, Even as the Boom Fades

Between 2021 and 2024, many U.S. public entities, particularly state and local governments, experienced an unprecedented era of abundance. Massive federal aid, unexpected revenue growth (in the face of mounting uncertainty), and a surprisingly resilient economy did not just stabilize many public sector budgets; they elevated them to historic highs.

Continue reading.

advisorhub.com

by Tom Kozlik, HilltopSecurities

August 13, 2025

California Municipal Bonds: A Strategic Bet on Resilience Amid Policy-Driven Growth

Aime Summary

– California's municipal bonds (rated AA by major agencies) show strong credit fundamentals amid fiscal resilience and strategic infrastructure reforms.

– Governor Newsom's Jobs First Blueprint targets 10 growth sectors with $532M in workforce training and regional equity programs to boost long-term economic competitiveness.

– 2025 CEQA reforms accelerate urban housing development by exempting infill projects from costly environmental reviews, creating new municipal financing opportunities.

– Investors are advised to prioritize short-duration, high-rated bonds (AA/Aa+) to mitigate risks from federal tariffs and potential budget cuts while benefiting from policy-driven growth tailwinds.

Continue reading.

ainvest.com

by Julian West

Monday, Aug 11, 2025 10:56 pm ET

Muni High-Yield ETF's $1.5 Billion Inflow Was Industry's Biggest.

A high-yield municipal-bond fund run by Capital Group saw the biggest inflow of any US-based exchange-traded funds on Friday, with an infusion of $1.54 billion.

The Capital Group Municipal High-Income ETF had $241 million of assets on Thursday. One day later, that had jumped to $1.78 billion, a 639% gain, after the massive influx of cash, the data shows.

The influx was more than seven times the next largest gain among fixed-income ETFs — a $206 million inflow into a roughly $55 billion BlackRock Inc. offering that invests in short-term Treasuries, according to data compiled by Bloomberg. The entire US ETF universe totals about $12 trillion.

Continue reading.

Bloomberg Markets

By Elizabeth Rembert

August 18, 2025

NASBO: Despite Slow Growth, FY25 Revenue Mostly Exceeded Forecasts

Newly released end-of-year revenue totals indicate states largely saw a third consecutive year of slow growth in tax collections in fiscal 2025. Despite modest gains in revenue collections, most states ended the year above both their original and revised revenue forecasts. Comparing actual collections to forecasts is a better indicator of state revenue performance than year-over-year growth figures which, in many states, have been considerably impacted by recently enacted tax cuts. While most states are reporting revenue surpluses, the surplus amounts are relatively small, especially when compared to the substantial surpluses experienced by states in fiscal 2021 and fiscal 2022. A number of states indicated their revenue totals were above forecast by less than one percent, with some also seeing revenues come in slightly below forecast.

As NASBO's Spring 2025 Fiscal Survey of States highlighted, after the two fastest growing years on record for general fund revenue in fiscal 2021 and fiscal 2022, growth in revenue collections has been modest in each year since. In fiscal 2023 through estimated fiscal 2025, annual general fund revenue growth on a median basis has been between 1 and 2 percent. Preliminary year-over-year totals for fiscal 2025 were largely in-line with recent trends, with most states seeing slow growth in tax collections compared to fiscal 2024, and other states recording modest declines. When examining individual revenue sources, initial data shows that the growth in personal income taxes was slightly higher than the growth in sales tax collections, while most states reported declines in corporate tax collections. Factors impacting year-over-year growth levels included recently enacted tax cuts, strong stock market performance in calendar year 2024, low unemployment levels, slower growth in consumption, and lower inflation.

Similar to recent years, states are anticipating modest revenue gains in fiscal 2026. Recommended budgets for fiscal 2026 are based on general fund revenues increasing 2.4 percent on a median basis. In discussing their end-of-year fiscal 2025 revenue totals and outlooks for fiscal 2026, states noted heightened economic uncertainty, the potential impact of tariffs and federal policy changes, increased spending demands, and the overall resilience of the state economy.

Continue reading.

National Association of State Budget Officers

By Brian Sigritz

Fitch: Profitability of US NFP Children's Hospitals Rebounds, but Medicaid Risks Loom

Fitch Ratings-Chicago/Austin-07 August 2025: Standalone U.S. not-for-profit children's hospitals demonstrated signs of financial recovery in fiscal 2024, with improved profitability and strengthened liquidity, according to Fitch Ratings' latest annual median ratios report. However, persistent structural challenges — particularly heightened Medicaid funding risks — continue to weigh on the sector's outlook.

After two years of declining profitability, children's hospitals reported a rebound in operating margins and healthy capital investment. The median operating margin rose to 3.2% in 2024, while median days cash on hand increased to 356, underscoring strong sector liquidity and credit

fundamentals. Despite these gains, operating margins remain below pre-pandemic levels and the sector faces continued cost pressures — especially from staffing.

“Children’s hospitals are adapting with operational innovations and technology adoption, but staffing costs remain high and pending changes to Medicaid funding will test the sector’s resilience,” said Director Richard Park.

The recently enacted U.S. tax and spending bill, which imposes new limits on state Medicaid payments and supplemental funding, poses a significant long-term risk to the financial flexibility of children’s hospitals, many of which serve patient populations with 70%-80% Medicaid reliance. Most Medicaid changes in the bill will not take effect until late 2026, with provider tax and directed payment rate adjustments phased in over several years, allowing some time for hospitals to adapt. However, if federal funding streams are reduced, hospitals may ultimately face difficult decisions regarding specialized service lines and uncompensated care.
Ongoing demographic shifts, including declining fertility rates, add to the long-term strategic challenges. Meanwhile, competition from general acute care hospitals expanding pediatric services continues to intensify.

“Children’s hospitals benefit from robust market positions, philanthropic support, and a commitment to capital investment — key credit differentiators that help offset ongoing policy and operating headwinds,” said Park.

Fitch’s “2025 Median Ratios for Not-for-Profit Children’s Hospitals” report is available at www.fitchratings.com

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[Medicaid Cuts Set to Drain Revenue at Elite Teaching Hospitals.]

Takeaways by Bloomberg AI

- Few in the US healthcare sector are immune to the effects of Washington's recent cuts to Medicaid, including cash-rich teaching hospitals affiliated with top-notch medical schools.
- Federal cuts to Medicaid will lead to less funding for teaching hospitals, causing them to reduce staff and scale back operations, according to the text.
- The risk to academic medical centers is a drop in revenue as some patients lose Medicaid coverage and reimbursements for their care decline, said Brad Spielman, a vice president at Moody's Ratings.

Few in the US healthcare sector are immune to the effects of Washington's recent cuts to Medicaid, even the cash-rich teaching hospitals affiliated with top-notch medical schools.

Continue reading.

Bloomberg Industries

By Erin Hudson and Elizabeth Rembert

August 7, 2025

Fitch Ratings Publishes U.S. Public Finance Charter School Rating Criteria Exposure Draft.

Related Content: Exposure Draft: U.S. Public Finance Charter School Rating Criteria

Fitch Ratings-Chicago/New York-04 August 2025: Fitch Ratings has published an exposure draft detailing proposed revisions to its rating criteria for U.S. Public Finance Charter Schools.

"The proposed revisions will better reflect the diverse risk profiles of charter schools as the sector has evolved to encompass stronger, established operators as well as weaker, possibly newer entrants," said Senior Director Emily Wadhwani. The updated criteria will remodel the way Fitch addresses the sector's unique risks, including those related to renewal and revocation of charters, which are typically shorter in length than a school's bond maturities. The criteria will also explicitly incorporate evaluations of management and governance, and certain bond provisions, in Fitch's analysis.

Highlights of the proposed charter school criteria include:

–Increased granularity within the three Key Rating Drivers (KRDs) that are inputs to final ratings, growing the possible number of KRD assessment outcomes to four from three. In addition, the new proposed nomenclature for the assessments of 'a', 'bbb', 'bb' and 'b' will more intuitively align KRD assessments to final ratings than the current 'Stronger', 'Midrange', and 'Weaker' assessments;

–Revision of the Revenue Defensibility KRD to include three distinct subfactors: enrollment and academics, revenue and funding, and policy framework. In addition, Fitch currently categorizes certain regulatory, political, and charter renewal considerations as "asymmetric" factors that can only negatively affect the KRD assessment. Under the updated criteria, they will be able to either positively or negatively affect the KRD assessment;

–Enhancement of the Operating Risk KRD to include key metrics that scale operating cash flow, carrying costs, and capital spending. A new management framework to be incorporated into the Operating Risk KRD will provide a more structured and transparent approach to assessing the management and governance factors most likely to contribute to the health of a charter school's operations.

–Expansion of the Financial Profile KRD, incorporating three leverage-related metrics instead of one. The KRD will also explicitly consider debt structure risks and certain bond provisions that may promote solvency in stress situations such as financial covenants and debt service reserves; and

–The addition of weights to the components of each KRD to aid consistency and transparency.

"As the charter school sector has matured, the range of management and governance structures and credit risk profiles has widened," Wadhwani added. "The proposed criteria enhancements will support more differentiation among ratings for Fitch-rated charter schools within a more modernized, relevant and transparent ratings framework."

Fitch anticipates no rating impact to current ratings from the proposed criteria updates.

Fitch is actively soliciting market feedback on the proposed criteria. Send comments to criteria.feedback@fitchratings.com by Sept. 30, 2025. In addition to the exposure draft, Fitch has also published an Exposure Draft Frequently Asked Questions (FAQs) on the proposed U.S. Public Finance Charter School Rating Criteria.

Fitch's "Exposure Draft: U.S. Public Finance Charter School Rating Criteria" and the FAQs are available at www.fitchratings.com or by clicking the link above.

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Additional information is available on www.fitchratings.com

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

View the list.

11-Aug-2025 | 16:58 EDT

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

View the S&P list.

11-Aug-2025 | 16:04 EDT

S&P U.S. Public Finance Rating Activity: July 2025

View the Rating Activity.

11-Aug-2025 | 11:23 EDT

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 end-July) $338.1 billion, +17.8% Y/Y
- Trading (as of end-July) $15.6 billion ADV, +26.8% Y/Y
- Outstanding (as of 1Q25) $4.2 trillion, +3.1% Y/YDownload xls

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MSRB Monthly Municipal Market Trading Summary Through July 2025.

View the MSRB summary.

Aug 5, 2025

Fitch Ratings 2025 Mid-Year Outlook: U.S. Public Finance Compendium

The 2025 sector outlook for Water & Sewer has been revised to 'deteriorating,' reflecting higher tariff rates and inflationary pressures. Approximately 89% of USPF ratings have Stable Outlooks, with 6% Positive and 5% Negative.

Access Report

Mon 04 Aug, 2025 – 11:03 AM ET

McGuireWoods: DOT Increases Maximum TIFIA Loan Financing for Transportation Infrastructure Projects

On July 7, 2025, the Department of Transportation (DOT) announced a policy update raising the maximum percentage of loan financing for transportation infrastructure projects under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program from 33% to 49% of eligible costs. TIFIA was created in 1998 to support the funding needs of transportation infrastructure projects. Although the legislation always allowed for financing of up to 49% of eligible costs, it was the DOT's long-standing policy to cap loan amounts at 33% of costs for most types of projects. This policy update aligns the DOT's practice with the maximum loan percentage authorized by law. Project sponsors seeking to build transportation infrastructure should use this new ceiling to their full financial advantage.

TIFIA provides long-term, low-interest loans and other credit assistance for the construction of surface transportation projects of national or regional significance. Often TIFIA loans are made on more advantageous terms than the traditional financial market, which enables projects to obtain financing that might not otherwise be available.

Congress enacted TIFIA to respond to concerns that traditional public funding techniques were unable to keep pace with the transportation infrastructure investment needs of the United States. Through TIFIA, the government fills financing gaps and fuels the growth of critical infrastructure projects by encouraging and complementing state, local and private investment. TIFIA loans have been deployed to support major surface transportation public-private partnerships across the United States, including the Downtown Tunnel/Midtown Tunnel/MLK Extension project in Virginia and the North Tarrant Express managed lanes network in Texas.

Continue reading.

Insight | August 6, 2025

Value in Municipal Bonds: A Strategic Case for Senior Living Infrastructure

Summary

– Dallas Legacy Midtown Park uses layered municipal bonds to optimize capital efficiency and mitigate risk in senior housing infrastructure.

– Its $186.5M structure combines tax-exempt bonds, draw-down loans, and subordinate debt, saving $10.5M in interest while achieving 5.22% blended yield.

– The project aligns with aging demographics, addressing Dallas's 35,000–40,000 unit senior housing gap with 95.6% occupancy in active adult communities.

– Investors gain 5.22% tax-exempt yield (vs. 4.1% Treasuries) and 7-year refinancing flexibility, leveraging demographic tailwinds and supply constraints.

Continue reading.

ainvest.com

by Charles Hayes

Wednesday, Aug 6, 2025 2:33 pm ET

Resilient Infrastructure Firms in Bankrupt Municipal Markets.

Summary

– Municipal bond markets face rising defaults in 2024, creating opportunities for firms with operational rigor and strategic foresight.

– Chung Ju-Yung's philosophy of frugality, execution, and partnerships drives value creation in distressed infrastructure, exemplified by Clean Harbors' success in repurposing industrial sites.

– Investors should target firms with proven distressed market expertise, strong balance sheets, and ESG-aligned partnerships to transform assets like toll roads or nursing homes into profitable ventures.

– Regulatory shifts and climate mandates will shape opportunities, with 72% of institutional investors prioritizing sustainability in distressed asset acquisitions.

– The next decade's municipal bankruptcies offer a blueprint for reinvention, rewarding firms that turn decay into growth through strategic execution and community alignment.

Continue reading.

ainvest.com

MarketPulse

Saturday, Aug 9, 2025 3:23 am ET

Brookings: The Priority List

Relative to other developed countries, the construction of transportation infrastructure in the United States is extraordinarily time-consuming and expensive. A number of factors drive these costs,

ranging from a lack of state capacity to excessive environmental, labor, and protectionist regulations to poor planning and a lack of accountability among state and local political leaders. Without effective reform, the cost of building roads, trains, and bridges in the United States will only continue to grow. But it has been impossible to enact reforms due to interest group opposition and skepticism about funding government expertise.

This paper proposes a framework—the "Priority List"— for how Congress can improve the efficiency of infrastructure construction in the United States. The Priority List would be a short list of nationally important and publicly popular infrastructure projects. The core of the idea is that Congress might be willing to pass needed reforms to get these very popular projects built, even if political roadblocks stand in the way of adopting reforms more broadly.

In constructing this list, the Secretary of Transportation would first identify a set of early-stage, high-profile infrastructure projects. Congress would then vote on the Secretary's list as a "closed rule," meaning that they vote up-or-down on the entire Priority List as opposed to voting on each project individually. The desire to get these high-profile projects built would be the sweetener needed to get Congress to swallow the political difficulty of passing reforms.

Continue reading.

The Brookings Institution

by David Schleicher

August 7, 2025

WSJ: Municipal Bonds May Not Remain This Cheap For Long

The securities are now more attractive thanks to their availability and tax benefits. But how long will this last?

A steady increase in municipal-bond supply, coupled with the survival of their tax benefit in President Trump's spending bill, is making the securities more attractive, even as key sectors such as healthcare and education stand to lose.

Municipal-bond investors are in a sweet spot. Prices have come down, due mainly to historically high issuance, and that pushes up the interest the securities pay. For most of this year, markets worried the One Big Beautiful Bill Act would curtail munis' tax-exemption benefit, but intense lobbying managed to keep that from happening.

The combination represents an opportunity for investors to add some of the safest fixed-income securities to their portfolios while expecting unusually high, tax-free returns. What is unclear is how long this will last.

Continue reading.

The Wall Street Journal

By Paulo Trevisani

Aug. 8, 2025 1:04 pm ET

Unlocking Long-Term Value: How School District Consolidation and Infrastructure Optimization Power Municipal and Education ETFs

Summary

– U.S. school district consolidations address enrollment declines and fiscal strain, with over 750 closures since 2020.

– Infrastructure upgrades in consolidated districts, like Michigan's $75M investments, boost test scores by 8% and property values by 9%.

– Municipal/education ETFs (e.g., MYMJ) target school bonds, leveraging infrastructure-linked returns while addressing equity gaps in underserved districts.

– Strategic investments in HVAC, STEM, and safety yield dual benefits: academic improvements for low-income students and long-term community economic growth.

– ETFs combining high-grade bonds and geographic diversification offer investors tax-exempt income aligned with 5-10 year infrastructure project timelines.

Continue reading.

ainvest.com

MarketPulse

Saturday, Aug 9, 2025 7:08 pm ET

ETF Industry Perspectives: Eyes on Munis and SMID-Caps

Vanguard research assesses the investment opportunity in high-grade municipal bonds and the need to avoid overlapping with large-cap holdings when allocating to small- and mid-cap (SMID-cap) ETFs in portfolios.

Vanguard ETF Industry Perspectives Q3 2025 [4-page PDF] is our in-depth quarterly commentary featuring the latest ETF trends and insights. In each report, our investment experts help investors address issues that may affect their portfolios.

Key takeaways

Fixed income spotlight

Higher yields on municipal bonds have increased their appeal when optimizing overall fixed income allocations. Municipal bonds also offer potential tax benefits, along with a domestic focus that largely shields them from tariff-related risks. As the number of low-cost municipal bond funds has expanded, advisors and investors can now pick their spots with relative ease, targeting specific U.S. states, credit-quality levels, and parts of the yield curve.

Equity spotlight

S&P 500 ETFs continue to dominate fund flows, but allocations to SMID-cap ETFs also deserve careful attention. Our research shows that advisors seeking large-cap exposure tend to stick to market-cap ETFs like those linked to the S&P 500, Russell, or CRSP benchmarks. But when allocating to SMID-caps, advisors tend to vary their approaches between different market-cap indexes, niche small-cap products, and even active ETFs. This creates a risk of overlapping sector and company exposures because index products from different families are not all structured the same way. To limit this risk, we suggest that advisors choose products with compatible construction styles.

Vanguard

August 07, 2025

Why Taxable Local-Government Bonds Are Outperforming the Muni Market in 2025: Capitalizing on Supply-Driven Dislocations and Relative Value

Summary

– Taxable local-government bonds outperformed 2025 muni market amid supply-driven dislocations and compressed tax-exempt spreads.

– Record $271B issuance and inflation-driven infrastructure costs fueled taxable bond demand with 4.74% yields vs. 3.30% for tax-exempt counterparts.

– Steepened yield curves and attractive tax-equivalent yields (up to 8.01%) positioned taxable bonds as strategic alternatives to corporate debt.

– Strong credit fundamentals in healthcare/education sectors and inverted credit spreads reinforced taxable bonds' appeal for rate-sensitive investors.

– Fed rate cut expectations and short-duration advantages suggest continued outperformance as investors rotate from cash to munis.

Continue reading.

ainvest.com

by Oliver Blake·

Aug 10, 2025

Unlocking Undervalued Municipal Bonds: Climate-Resilient Infrastructure in the Southern U.S.

Summary

– Southern U.S. municipal bonds are gaining traction as climate-resilient infrastructure investments, driven by rising demand for flood mitigation projects.

– Texas’s TRIB bonds, backed by AAA ratings, fund coastal barriers and green spaces, offering tax-free returns while addressing climate risks.

– Investors benefit from high yields (10–15% above inflation) and ESG alignment, with federal grants covering 75–90% of project costs to reduce volatility.

– Risks include funding uncertainty and cost overruns, but diversified portfolios and performance metrics mitigate execution challenges.

– Strategic allocations to 5–30-year bonds and engineering firms like WSP offer pathways to capitalize on a $3 trillion climate adaptation opportunity.

Continue reading.

ainvest.com

TrendPulse Finance

Tuesday, Aug 5, 2025 6:04 am ET

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.

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

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.

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.

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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

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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.

Continue reading.

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

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