

U.S. Municipal Bond Market

2025 Municipal Bond Analyst Survey

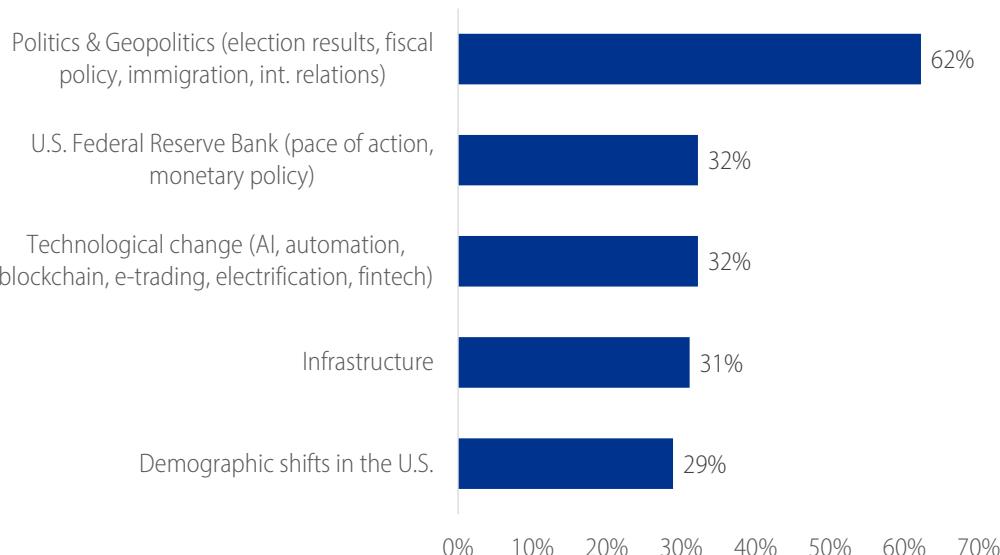
Key Survey Findings

- “Politics & Geopolitics” (62%) was cited as the most important issue or trend influencing the municipal bond market right now, based on our survey conducted in Dec. 2025.
- Last year “Politics” (40%) ranked as the second most important issue or trend influencing the municipal bond market, just behind “Infrastructure” (44%).
- 90 municipal bond analysts participated in our 2025 survey, and 55% were buy-side participants.
- “Technological change” (32%) rose to the third most important issue or trend, likely reflecting the growing influence of artificial intelligence (AI).
- Almost half (46%) of surveyed analysts expect the results of the 2026 midterm elections to be “very” or “somewhat” impactful toward the public finance sector.
- Nearly half (49%) of the municipal bond analysts surveyed are optimistic about how municipal credit will evolve in 2026.
- A higher share (85%) of municipal analysts surveyed expect AI to be the most impactful technology for the municipal bond market & public finance over the next decade, up from 77% in 2024.
- Roughly one in two respondents (49%) see AI as a net negative for the U.S. labor market in 2026, expecting job displacement to outweigh the gains.
- Daily generative AI (GenAI) use among municipal bond analysts surged to 34% in 2025, up from 3% in 2024.

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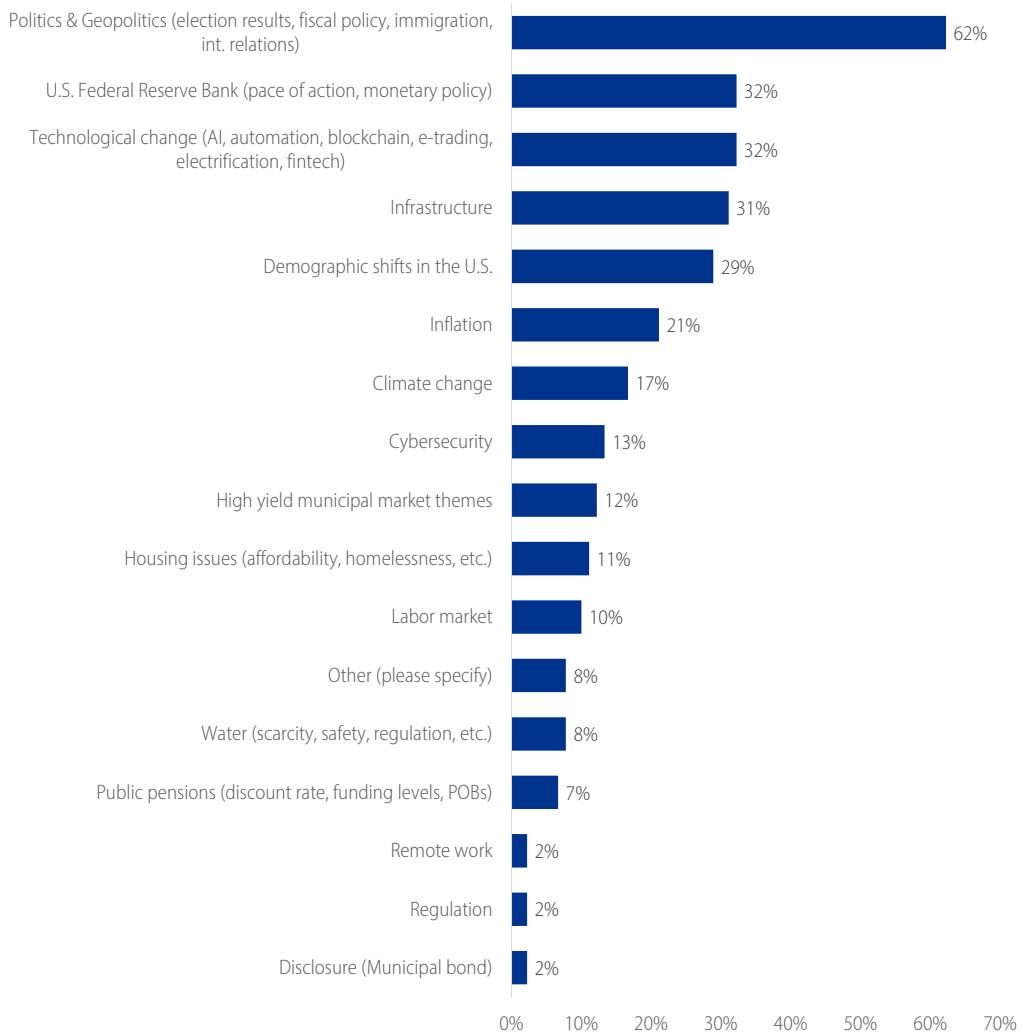
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Top 5 Most Important Issues/Trends Facing the Municipal Bond Market Today, 2025



Source: HilltopSecurities.

1. What do you think are the most important issues/trends (please choose three) influencing the municipal bond market today, (Dec 2025 & Jan 2026)?



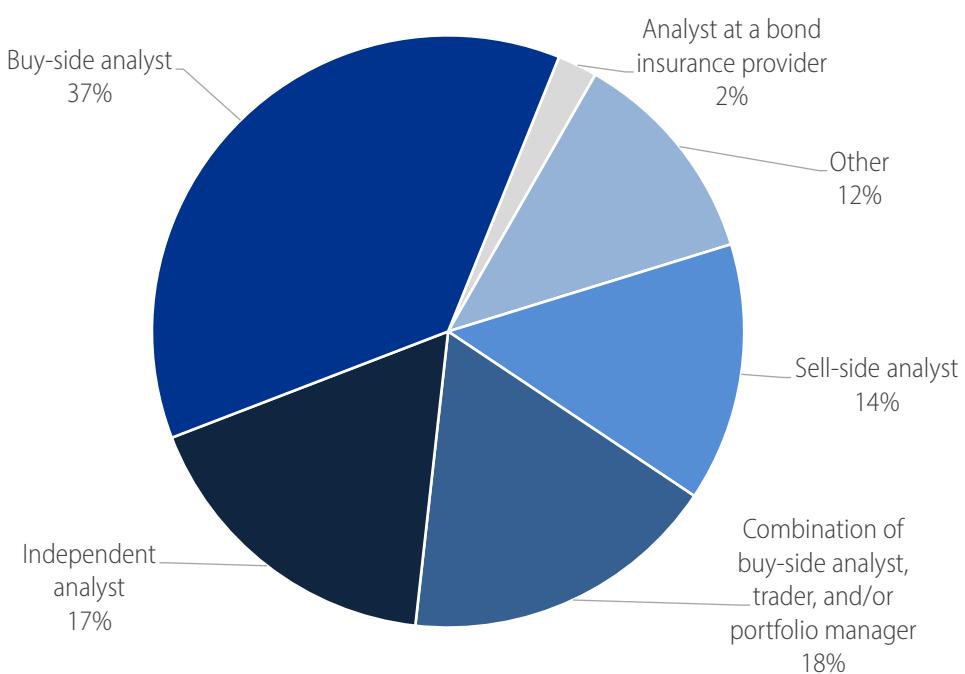
Source: HilltopSecurities.

"Politics & Geopolitics" (62%) was cited as the most important issue or trend influencing the municipal bond market right now, based on our survey conducted in Dec. 2025 and Jan. 2026.

Last year "Politics" (40%) ranked as the second most important issue or trend influencing the municipal bond market, just behind "Infrastructure" (44%).

Public pensions used to be analysts' top concern year after year. In 2025, only 7% named it as a top issue, down from 17% in 2024.

2. How would your role as a municipal bond market analyst be best described?



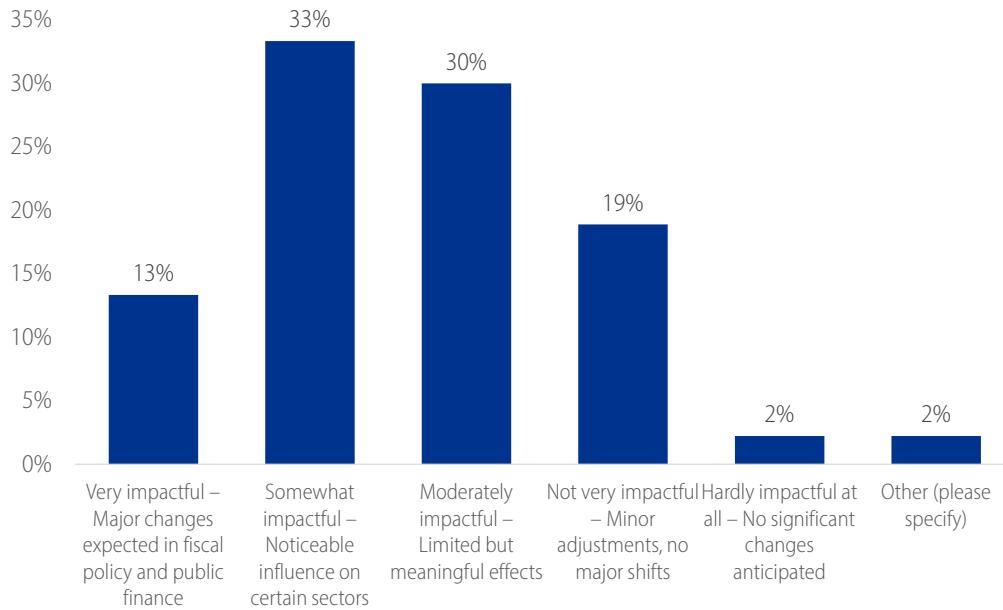
Source: HilltopSecurities.

This year, 90 municipal bond analysts participated in the survey, and 55% were buy-side participants.

Cybersecurity slipped down analysts' priority list: with only 13% naming it as a top issue in 2025, down from 24% in 2024.

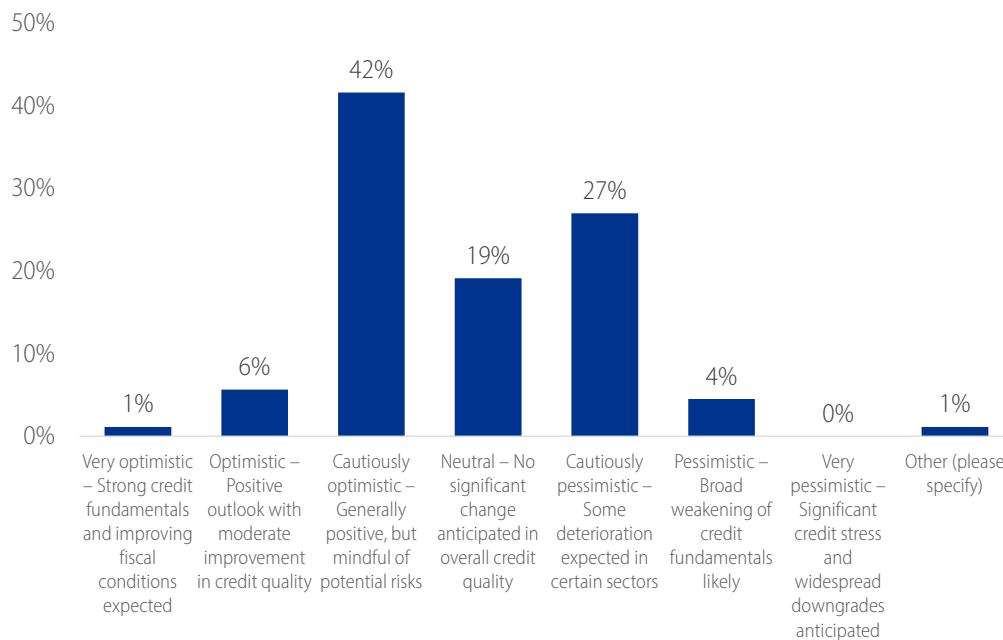
Infrastructure was the top issue in 2024 (44%), but in 2025 it slipped to fourth place (31%).

3. How impactful will results from the 2026 U.S. midterm elections be toward the public finance sector?



Source: HilltopSecurities.

4. How would you describe your attitude about how you expect municipal credit will evolve in 2026?



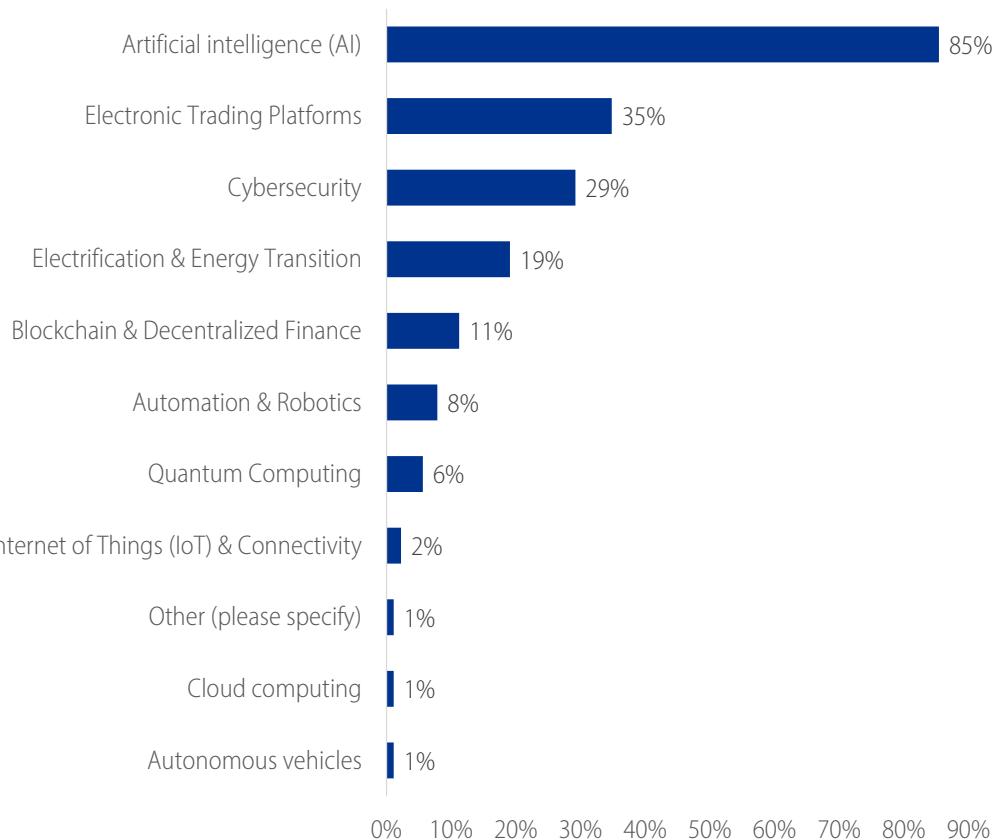
Source: HilltopSecurities.

Almost half (46%) of surveyed analysts expect the results of the 2026 midterm elections to be "very" or "somewhat" impactful toward the public finance sector.

Nearly half (49%) of the municipal bond analysts surveyed are optimistic about how municipal credit will evolve in 2026.

Just 4% of analysts in our 2025 survey possess a "very pessimistic" view of municipal credit in 2026, expecting broad weakening in credit fundamentals.

5. What type of technology or technological change (please choose two) will be most impactful to the municipal bond market and public finance in the next decade?



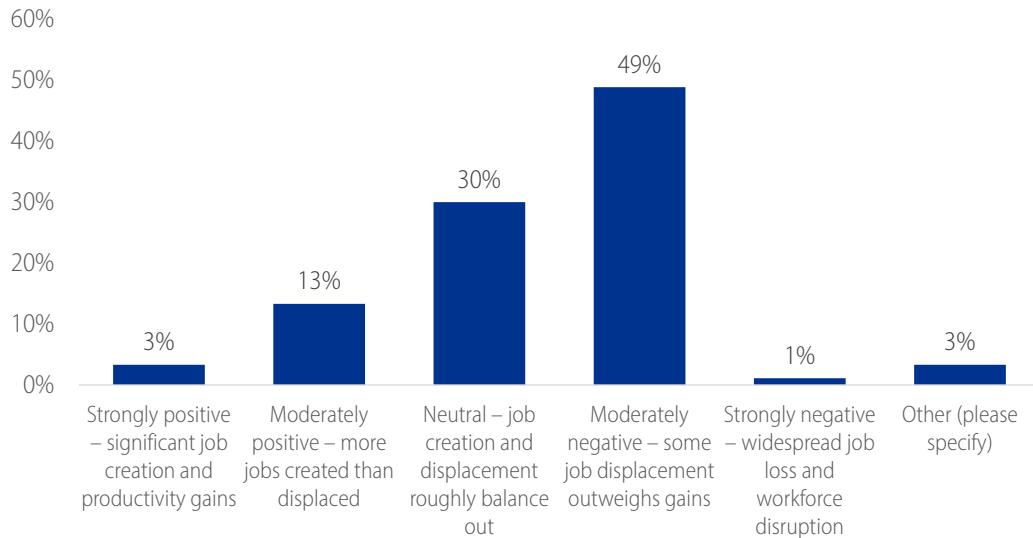
Source: HilltopSecurities.

A higher share (85%) of municipal analysts surveyed expect AI to be the most impactful technology for the municipal bond market & public finance over the next decade, up from 77% in 2024.

Interest in electronic trading platforms is climbing as well, with 35% of surveyed municipal analysts naming them as the most impactful technology for the municipal bond market and public finance over the next decade, up from 29% in 2024.

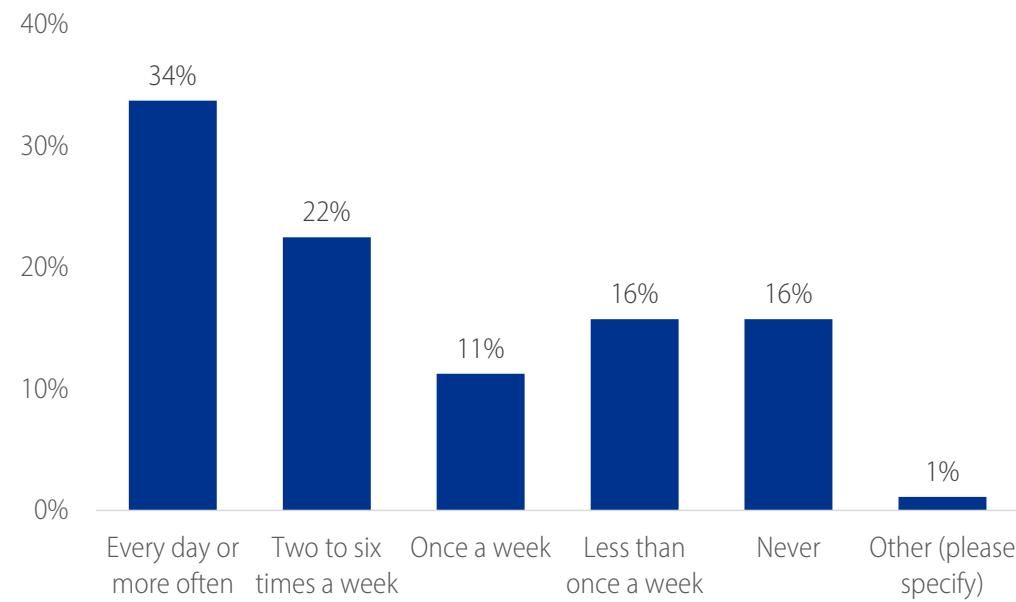
Municipal bond analysts are putting less emphasis on cybersecurity as the technology they expect to matter most: 29% selected it in 2025, down from 56% in 2024.

6. What impact do you expect artificial intelligence technology to have on the U.S. labor market in 2026?



Source: HilltopSecurities.

7. How often do you use generative artificial intelligence (GenAI) or large language models?



Source: HilltopSecurities.

Roughly one in two respondents (49%) see AI as a net negative for the U.S. labor market in 2026, expecting job displacement to outweigh the gains.

Daily generative AI (GenAI) use among municipal bond analysts surged to 34% in 2025, up from 3% in 2024.

By comparison, 13% of leaders in the 2025 Hilltop Public Finance Leaders Survey (Sept. 2025) reported using GenAI daily.

Description and Methodology of the 2025 Municipal Bond Analyst Survey

The results are based on a survey conducted by HilltopSecurities in December 2025 & January 2026. The above data was collected from 90 municipal bond credit analysts/specialists. Analysts from the rating agencies were not asked to participate in the survey.

Please email Tom Kozlik at tom.kozlik@hilltopsecurities.com if you are a municipal bond credit analyst/specialist and would like to participate in the 2026 survey.

We would like to thank everyone who participated in this year's 2025 Municipal Bond Analyst Survey.

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