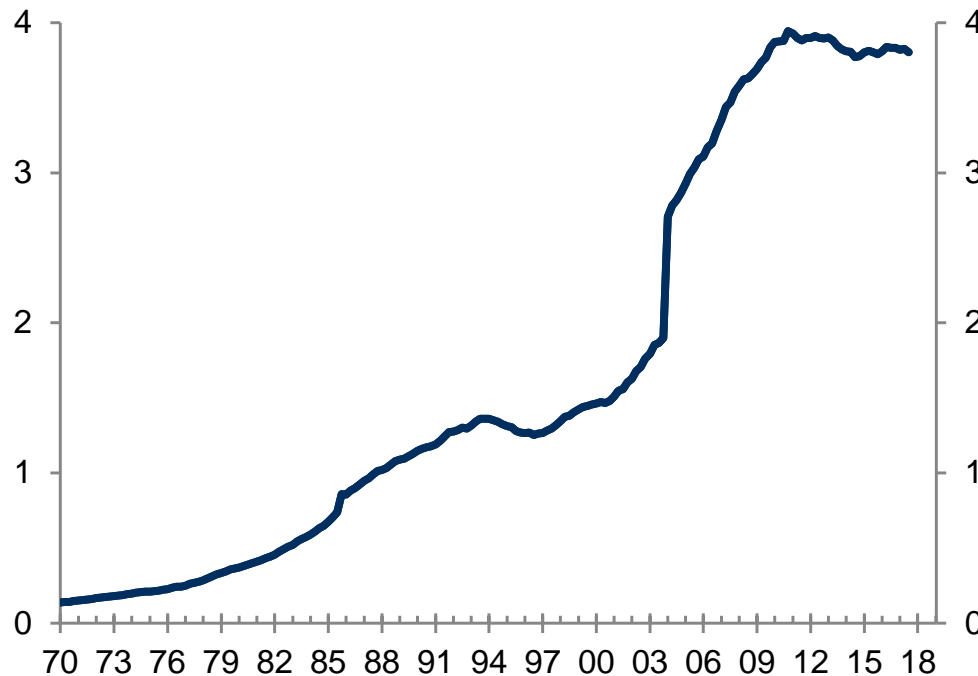


The Heavy Weight of Donald Trump's Infrastructure Program

Outstanding debt of US states and local governments (USD trillions)



The US President announced a USD 1.5tn infrastructure plan. USD 1.3tn of the funding was shifted to **states and local governments**. The latter are **unlikely to support** the initiative as they are deleveraging. Amid lower taxes, tax-exempt municipal bonds might lose appeal. To issue debt, local governments will face higher rates. Higher state and local taxes are likely, thus **weakening the stimulus impact** of recent tax cuts.