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Fitch: U.S. Public Finance Upgrades Match Downgrades, Ending 13 Quarter Streak.

Fitch Ratings-New York-01 November 2017: The third quarter of 2017 marked the end of a 13 consecutive quarter streak in which U.S. public finance upgrades outnumbered downgrades, according to a new Fitch Ratings report.

Affirmations accounted for 78% of total rating actions in 3Q17, on par with 2Q17 result.
"There were 35 upgrades and 35 downgrades in 3Q17, a decline from 94 and 37, respectively, in the prior quarter," said Jessalynn Moro, Managing Director and head of Fitch's U.S. Public Finance group. "Downgrades were driven largely by the healthcare and public power sector. Higher activity from the prior quarter was driven by completion of the tax-supported portfolio review under new criteria."

The downgrade of Puerto Rico's Sales Tax Financing Corporation (COFINA) senior and subordinate lien sales tax revenue bonds and the Employees Retirement System of the Commonwealth of Puerto Rico (ERS) pension funding bonds accounted for approximately 45% of all downgraded par.
The number of Negative Rating Outlooks in 3Q17 declined to 96, marking the first time that Negative Rating Outlooks have fallen below 100 since 1Q08.

Also noteworthy, the healthcare sector experienced a marked increase in both Positive and Negative Rating Watches in 3Q17 compared to 2Q17 following the release of Fitch's 'Exposure Draft: U.S. Not-for-Profit Hospitals and Health Systems Rating Criteria' on Sept. 6, 2017. The U.S. nonprofit and healthcare systems sector is currently the only sector that holds a Negative Sector Outlook for the year.

For more information, a special report titled "U.S. Public Finance Rating Actions Third-Quarter 2017" is available on the Fitch Ratings web site at www.fitchratings.com.

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