

Bond Case Briefs

Municipal Finance Law Since 1971

Muni-Bond Ratings Are All Over the Place. Here's Why.

Amid fight for market share, ratings companies struggle to judge creditworthiness of financially troubled cities

Chicago is in bad financial shape, with an unsustainable pension burden and a towering debt load. Yet the city will shortly issue bonds that are likely to be rated as supersafe, even though similar investments have lost money.

Bond-ratings firms are struggling to judge the creditworthiness of cities and local governments with deep financial problems. There have been widely disparate ratings, errors in analysis and a fight for market share that may have produced optimistic outlooks.

Chicago has the most pension debt of any major U.S. city, according to Merritt Research Services, and a shrinking population. To help cover an \$838 million budget shortfall, the city is planning to sell up to \$1.5 billion in bonds beginning as soon as this month.

[Continue reading.](#)

The Wall Street Journal

By Gunjan Banerji

Dec. 6, 2019 5:30 am ET