

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **S&P: Will Prolonged Higher Fuel Prices Slow The Rebound In U.S. Transportation Demand?**

### **Key Takeaways**

- Volatile fuel prices historically have not affected the credit quality of transportation infrastructure issuers and we expect the current higher prices will be credit neutral if they last for a limited time.
- The impact of rising fuel prices on demand and activity at airports and ports is generally negligible. However, higher fuel prices can translate into lower toll road traffic growth rates if sustained because travelers take fewer discretionary trips, while, conversely, boosting mass transit volumes as drivers become riders.
- Given significant pent-up demand for travel within the airport and toll road sectors due to lockdowns during the pandemic, we believe consumers are willing to absorb higher fuel prices for leisure travel for a limited duration, mitigating the effects of elevated costs and airfare increases in the near term.
- Longer term, we expect U.S. consumers could temper their travel behavior if elevated fuel prices and inflationary pressures persist or increase on a real basis due to market conditions or factors like carbon taxes.

[Continue reading.](#)

12 May, 2022