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S&P: U.S. Pension Obligation Bond Issuance Recedes In 2022 As Interest Rates Rise

Key Takeaways

- We project 2022 pension obligation bond issuances will decrease 60% year over year.
- Persistently higher interest rates are a driving factor as perceived profit opportunities fade. Continued pension obligation bond issuance is primarily due to issuers' desire to control contribution volatility and escalation.
- Recent issuances face a steep climb to recover because fiscal 2022 market returns fell far short of expectations, and this could lead to pension contribution increases and pressured budgets.

Continue reading.

10 Oct, 2022

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