# Bond Case Briefs

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## S&P: It's Too Soon For A Boom Though A Bust Could Sting Mineral-Producing U.S. States

(**Editor's Note:** S&P Global Ratings believes there is a high degree of unpredictability around the duration and scale of the Middle East war and its potential effect on commodity prices, supply chains, economies, and credit conditions. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential shifts and reassess our guidance accordingly.)

This report does not constitute a rating action.

**Key Takeaways**

- The evolving war in the Middle East has triggered an abrupt rise in oil and gas prices that will likely provide a temporary boost for mineral-producing U.S. states' economic output.
- Broader macroeconomic pressures, however, could blunt growth if prices remain elevated and affect inflation and consumer discretionary spending.
- In recent years, these states have actively managed fiscal and budget discipline, conditioned by previous oil and gas price swings that helped them preserve, and in some cases strengthen, overall credit quality.
- Although some operating fund reliance on mineral-related revenues remains, many states have diligently implemented measures to isolate mineral-driven revenue by using them for one-time purposes.
- New Mexico and Texas are exceptions to the mining sector's historically positive yet uneven (largely oil and gas activities) contribution to economic output, with outsize growth usually temporary and long-term average growth rates below those of national peers.

Continue reading.

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