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Moody's: Muni Distressed and Spec-Grade Issuers Growing, but Remain Small Share of Market.

A small but growing number of municipal issuers have riskier credit profiles with ratings below investment-grade. This group of Moody's-rated municipal issuers reflects the range and severity of credit challenges present in the municipal sector. This special comment updates last year's report on local governments and expands the analysis to include housing, healthcare, higher education, transportation, utilities and project financings. Our key observations are: + A small number of municipal issuers—217 entities, or less than 2%—of nearly 15,000 rated local governments, hospitals, colleges and other tax-exempt bond issuers have debt rated below investment-grade (ranging from Ba1 to C). + This group has grown by 27% since 2008, reflecting the pressures related to the prolonged and lingering effects of the recession. We expect the number of speculative-grade issuers will continue to rise, although likely at a slower pace, and we also expect it to remain a very small share of the rated municipal... – See more at:

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