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Fitch: Annual Upgrades Exceeded Downgrades for Public Finance in 2014, Reversing 5-Year Trend.

NEW YORK-(BUSINESS WIRE)-In 2014 and for the first time since 2008, U.S. Public Finance annual upgrades exceeded downgrades, says Fitch Ratings. For all U.S. public finance sectors in aggregate, the number of upgrades increased in 2014 to 183 from 101 in 2013 while the number of downgrades decreased to 142 from 189 last year, according to Fitch in a new report.

Downgrades represented 4.2% of all rating actions and the par value totaled \$214 billion. The number of downgrades was at its lowest level since 2008. Upgrades represented 5.4% of all rating actions and the par value totaled \$99.7 billion. The number of upgrades was at its highest level since 2009, driven in part by the upgrades of Florida Housing Guaranty Fund and the state of New York, each of which affected a number of securities. Tax-supported ratings downgrades accounted for 62% of all U.S. public finance rating downgrades.

The annual downgrade to upgrade ratio by rating action was 0.8:1, decreased from 1.9:1 in 2013, and was at its lowest level since 2008. The downgrade to upgrade ratio by par was 2.1:1, increased from 1.1:1 in 2013.

Fitch also reported that the number of ratings with a Negative Outlook at the end of 2013 (180) was down from 232 at year-end 2013. The number of Positive Rating Outlooks also decreased to 68 from 85 the previous year. Negative Rating Watches decreased to nine from 40.

A majority of rating actions (86%) during the year were affirmations. Additionally, 93% of Rating Outlooks were Stable at the end of 2014.

The report also includes data on rating actions taken during the fourth quarter of 2014.

'U.S. Public Finance Rating Actions 2014' is available at www.fitchratings.com.

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