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Fitch: Positive Rating Drift Returns to U.S. Public Finance.

Positive rating activity has returned to Fitch Ratings' U.S. public finance rating activity, coinciding with improved U.S. economic conditions following a protracted recovery. Downgrades trailed upgrades in 2014, by a margin of 0.7 to 1, compared with the 2 to 1 ratio recorded in 2013, according to a new Fitch report.

The share of municipal ratings downgraded and upgraded was relatively low at 3.4% and 4.9% in 2014, respectively, with rating activity volume at similar levels to 2013. The overall majority of ratings - 86.9% - remained unchanged year over year.

The tax-supported sector represents the majority (57%) of Fitch public finance security ratings and thus led rating activity with largely even results of 3.9% downgraded versus 4.1% upgraded. Rating activity was generally positive across the other public finance sectors.

Fitch-rated U.S. public finance security ratings recorded no defaults in 2014. Over the long-term period of 1999 to 2014, the U.S. public finance average annual long-term security default rate was 0.04%.

Fitch's new study provides data and analysis on the performance of its U.S. public finance ratings in 2014 and over the long term, capturing the period 1999-2014. The report provides summary statistics on the year's key rating trends.

The full report is titled 'U.S. Public Finance 2014 Transition and Default Study' and is available on Fitch's website.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research: Fitch Ratings U.S. Public Finance 2014 Transition and Default Study

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