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S&P: Upgrades Have Outpaced Downgrades in U.S. Public Finance for 12 Consecutive Quarters, Article Says.

SAN FRANCISCO (Standard & Poor's) Nov. 20, 2015–The third quarter of 2015 marked 12 straight quarters in which Standard & Poor's Ratings Services upgraded more U.S. public finance (USPF) ratings than were downgraded, making these three years the longest quarterly streak of upgrades outpacing downgrades since the first quarter of 2001, said an article published today by Standard & Poor's, titled "U.S. Public Finance's Positive Ratings Streak Reaches Three Years."

"Despite the difficulties in a handful of specific sectors and isolated jurisdictions, the broad, ongoing U.S. economic recovery has generated higher fees, tax revenues, and job growth, benefiting many public finance issuers, and we expect this macroeconomic climate to last at least through early 2016," said Standard & Poor's analyst Larry Witte. Among the other highlights of the USPF rating changes in the third quarter:

- It was the seventh consecutive quarter in which upgrades outpaced downgrades among both nonhousing and housing ratings;
- Upgrade-to-downgrade ratios for USPF as a whole and for nonhousing bonds were essentially unchanged from the second quarter;
- That same ratio was, however, higher for housing bonds, climbing to four to one from three to one last quarter; and
- There were seven defaults in the quarter, bringing the count for 2015 to nine, surpassing the total for all of 2014.

The leading cause of the improvement in the three most active public finance categories–local government, state government, and utilities–was stronger finances, spurring 198 of 285 upgrades in those areas and 223 upgrades in USPF as a whole. Conversely, deteriorating finances–the main reason for the 71 downgrades during the quarter–affected more issues in local government, state government, and higher education than any other factor. Standard & Poor's cited inadequate liquidity as the main cause of lowered ratings in the case of 42 downgrades.

The report is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. If you are not a RatingsDirect subscriber, you may purchase a copy of the report by calling (1) 212-438-7280 or sending an e-mail to research_request@standardandpoors.com. Ratings information can also be found on Standard & Poor's public Web site by using the Ratings search box located in the left column at www.standardandpoors.com. Members of the media may request a copy of this report by contacting the media representative provided.

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