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S&P U.S. Public Finance Transportation Sector 2017 Outlook: Stable-To-Positive As Enthusiasm For Infrastructure Investment Could Trump Funding Realities.

S&P Global Ratings' 2017 outlook for business conditions and credit quality across the transportation sector is stable-to-positive depending on the subsector. Specifically, we have a stable outlook across most subsectors with a positive outlook on the toll road and bridge sector as we anticipate traffic levels to grow faster than baseline GDP and the expansion of tolling technology and toll rate increases potentially allow for improved revenue growth. Exposure to disruptive trade or tariff policies, expanded capital programs, or spending by issuers without a commensurate increase in revenue sources, potential for inflation in construction labor costs, as well as industry dynamics in the maritime sector, we view as overall risks to our outlook. We also anticipate movement by policymakers toward a federal infrastructure investment program with varying impacts, though the funding sources and form of any stimulus under the Trump Administration and the new Congress remains unknown.

Key drivers for the transportation sectors continue to be economic and demographic trends that influence movement of people and goods, fuel prices that serve as a cost input for transportation companies and influence individual travel behavior, competitive factors that affect the business profiles of infrastructure providers, and federal transportation policies that facilitate investment by state, regional, and local governments. A fundamental credit feature in support of S&P Global Ratings' rated universe is the ability of public transportation infrastructure providers to set fees and collect their own revenues derived largely from users of their enterprises.

Continue reading.

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