

# **Bond Case Briefs**

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## **Fitch: 2016 U.S. Public Finance Upgrades Were Highest in Over 10 Years.**

Fitch Ratings-New York-30 January 2017: For the third time since 2008, 2016 upgrades outpaced downgrades for U.S. public finance, with upgrades at their highest level in over 10 years, according to a new Fitch Ratings report.

Eighty-one percent of 2016 rating actions were affirmations.

“The high level of upgrades and downgrades are largely the result of the new state and local rating criteria implemented in the spring of 2016,” said Jessalynn Moro, Managing Director of the U.S. Public Finance Group. “Credits have clearly benefited from the revised criteria’s more focused concentration on the economy.”

Upgrades totaled 332, a significant increase from 148 in 2015. Upgrades represented 9.6 percent of all rating actions and the par value totaled \$211 billion.

Downgrades totaled 153 in 2016 versus 65 in 2015. Downgrades represented 4.4 percent of all rating actions and the par value totaled \$141.1 billion.

At year-end, both Negative Rating Outlooks and Watches slightly increased by four to 118 and 20, respectively. Positive Rating Watches remained unchanged, while the number of Positive Rating Outlooks decreased to 91 from 124.

Five states were downgraded, reflecting budget and economic challenges. Three states were upgraded due to fundamental improvement.

The largest downgrade by par amount in the fourth quarter was Trinity Health Credit Group at approximately \$5 billion. The downgrade reflects the system’s thinner operating margins in fiscal 2016.

For more information, a special report titled “U.S. Public Finance Annual Rating Actions 2016” is available on the Fitch Ratings web site at [www.fitchratings.com](http://www.fitchratings.com).

Contact:

Jessalynn Moro  
Managing Director  
+1-212-908-0608  
Fitch Ratings, Inc.  
33 Whitehall St.  
New York, NY 10004

Arthur Tildesley  
Associate Analyst

+1-646-582-4749

Media Relations: Elizabeth Fogerty, New York, Tel: +1 (212) 908 0526, Email: elizabeth.fogerty@fitchratings.com.

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

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