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Moody's Scolds New York City on Amazon, Then Gives It a Pat.

A puzzling turn of events for one of the municipal-bond market's biggest issuers.

Last Friday afternoon, as U.S. financial markets were winding down for the week, Moody's Investors Service pushed out an upgrade on New York City's \$38 billion of general obligation bonds. Normally this would be a big deal for the \$3.8 trillion U.S. municipal-bond market. After all, it's one of the largest borrowers in an otherwise highly diffuse market comprising villages, towns, local park districts and school systems.

Yet in some ways, this Moody's upgrade was a surprise. As recently as December, the company's outlook on New York's Aa2 rating was stable, generally an indication that analysts are comfortable with its current rank (in this case, the third-highest investment grade). The outlook never moved to positive. 1 The new Aa1 grade is one step higher than S&P Global Ratings and Fitch Ratings, which kept theirs at AA, the equivalent of Moody's previous score.

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Bloomberg Opinion

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