

# **Bond Case Briefs**

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## **Muni-Bond Ratings Are All Over the Place. Here's Why.**

### **Amid fight for market share, ratings companies struggle to judge creditworthiness of financially troubled cities**

Chicago is in bad financial shape, with an unsustainable pension burden and a towering debt load. Yet the city will shortly issue bonds that are likely to be rated as supersafe, even though similar investments have lost money.

Bond-ratings firms are struggling to judge the creditworthiness of cities and local governments with deep financial problems. There have been widely disparate ratings, errors in analysis and a fight for market share that may have produced optimistic outlooks.

Chicago has the most pension debt of any major U.S. city, according to Merritt Research Services, and a shrinking population. To help cover an \$838 million budget shortfall, the city is planning to sell up to \$1.5 billion in bonds beginning as soon as this month.

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### **The Wall Street Journal**

By Gunjan Banerji

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