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S&P: COVID-19's Potential Effects In U.S. Public Finance Vary By Sector

With the COVID-19 outbreak having spread to 40 countries around the world including the U.S., S&P Global Ratings has updated its narrative on the economic and credit implications (see “COVID-19’s Darkening Shadow”). Given that update, in this report we provide insight on what we will be watching in regard to credit conditions in U.S. public finance. (Also see “U.S. Public Finance 2020 Sector Outlooks Published,” published Jan. 16, 2020 on RatingsDirect.)

Key Takeaways

- The growth forecast for the U.S. economy has been reduced as a result of the spread of the virus across the globe and we have seen record volatility in the equity markets. These are not welcome developments for U.S. public finance issuers.
- The economic fallout from the coronavirus has become more acute and there are sector-specific issues that could weigh on credit quality.
- The spread and timing in the U.S. and how it is managed will ultimately determine the credit implications across U.S. public finance.

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