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Impact of COVID-19 on Local and State Governments.

Capital markets around the world have felt the wrath of the COVID-19 threat, and investors are asking whether a global recession is imminent.

Consider the following facts:

- The S&P fell close to 1,000 points from Feb 24 to March 23 (3,225 to 2,237), recording a 31% loss;
- The small and non-essential businesses will be hardest hit along with their employees;
- The hardest hit areas in the U.S are also seeing rising unemployment numbers; and
- The federal government's financial stimulus package is still being debated, and its impacts – both positive and negative – are yet to be fully determined on how they might affect the economy.
- For municipal debt investors, the most important question to ask right now is whether there will be municipalities facing the financial strains leading up to a potential for bankruptcies.

In this article, we will take a closer look at how the current COVID-19 situation is affecting the municipal debt markets, and municipal finances in general.

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