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S&P Ratings Outlooks On U.S. Transportation Infrastructure Issuers Revised To Negative Due To COVID-19 Pandemic.

BOSTON (S&P Global Ratings) March 26, 2020–S&P Global Ratings today revised to negative the outlooks on nearly all long-term debt ratings in the U.S. transportation infrastructure sector due to the severe and ongoing impacts associated with the COVID-19 pandemic. We believe the dramatic contraction of the global and U.S. economies and virtual collapse of travel and mobility across the transportation subsectors is a demand shock without precedent, with no definitive indication at this time regarding its duration and severity as well as the follow-on effects of an economic recession. The outlook revisions to negative of each issuer and issuer credit rating follows on our updated overall view of the sector (see "U.S. Transportation Infrastructure Sector Outlook Update: Now Negative For All Sectors" published March 16, 2020, on RatingsDirect).

We are affirming the ratings and outlooks for transportation infrastructure issuers with existing negative outlooks and not modifying the ratings or outlooks of debt secured by federal transportation grants.

The expected passage into U.S. law of an approximately $2 trillion federal stimulus package that includes direct financial aid to airport operators ($10 billion) and transit authorities ($25 billion) is viewed favorably and will alleviate immediate liquidity pressures, as well as assist with near-term operational funding requirements including debt service. Aid to the airline industry, in the form of loans and loan guarantees, should also support payments from airline tenants to airport operators. However, long-term credit implications across all sectors have yet to unfold, and we expect greater visibility on the broader impacts on issuers' financial and business profiles in the coming months.

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