Bond Case Briefs

Municipal Finance Law Since 1971

Fitch Updates Coronavirus Scenarios for U.S. Airports Portfolio.

Fitch Ratings-New York-21 April 2020: Fitch Ratings has developed revised coronavirus rating and sensitivity scenarios for U.S. airports to reflect airline decisions and the greater reductions being experienced in passenger traffic, in the order of 90% or higher across most U.S. airports. These scenarios incorporate the increased concern that impact on air travel from this health crisis will be deeper and more prolonged, and combined with the resulting effects on the underlying economy will cause a less robust recovery that may extend beyond 2022, according to Fitch Ratings.

The coronavirus has already resulted in sharp economic contractions both in the U.S. and globally, affecting demand for air travel at a rate never seen in past shock events such as pandemic outbreaks or terrorist attacks. Airlines ranging from global network carriers to those concentrated on domestic-focused routes have taken most flights out of service. This action will last at least through the full 2Q20 and likely for most of the 2H20 as well. Even with early discussions underway to have limited reopenings of the national or local-level economies, return of a more normalized air travel environment remains unclear.

Both the airports and air carriers have received varying levels of financial assistance from the federal government in the magnitude of tens of billions of dollars. These funds provide near-term protections to address massive revenue losses for both sectors. However this liquidity infusion is not going to support longer term needs should the pandemic result in a persistent severe global recession.

Key Assumptions
As a result of the negative environment facing airports, Fitch has revised its key enplaned passenger assumptions into three new cases as compared to two initial coronavirus scenarios published in the Non-Rating Action Commentary released on March 23, 2020 (http://www.fitchratings.com/site/pr/10115357). The three cases are labelled as the Coronavirus Rating Case, Coronavirus Sensitivity Case and the Coronavirus Severe Sensitivity Case. The differences for each case focus on the severity of the 2020 traffic reduction when compared to base year 2019 as well as the level of initial recovery in 2021 through the next several years. Recognizing there are different fiscal year periods for each airport, the assumed traffic levels will be accordingly adjusted.

Rating Case
–For calendar year 2020 Fitch assumes an overall enplanement decline of approximately 50% relative to 2019 actual levels based on the following assumptions of quarterly traffic activity starting in the 2Q period: 2Q20 (-90%); 3Q20 (-60%) and 4Q20 (-30%);
–For calendar years 2021 and 2022, Fitch assumes recoveries to -15% and -5%, respectively, relative to 2019 levels;
–Following 2022, Fitch assumes 100% traffic recovery followed by a moderate level of continued traffic growth of 2% per annum

Sensitivity Case
–For calendar year 2020 Fitch assumes an overall enplanement decline of approximately 60% relative to
2019 actual levels based on a one-quarter delay in the initial recovery process as reflected in the following assumptions: 2Q20 (-90%); 3Q20 (-75%) and 4Q20 (-60%);
–For calendar years 2021 and 2022, Fitch assumes recoveries to -20% and -5%, respectively, relative to
2019 levels;
–Following 2022, Fitch assumes 100% traffic recovery followed by a moderate level of continued traffic
growth of 2% per annum.

Severe Sensitivity Case
–For calendar years 2020 and 2021, Fitch assumes the same degree of enplanement declines and initial
recovery as the Sensitivity Case above; however, the timeline to a full recovery to 2019 levels is only reached by 2024;
–For calendar years 2022 and 2023, Fitch assumes a 4% annual growth in enplanements relative to the
prior year;
–For calendar year 2024, Fitch assumes 100% traffic recovery to 2019 levels followed by a moderate level of continued traffic growth of 2% per annum.

Contact:

Seth Lehman
Senior Director
+1-212-908-0755
Fitch Ratings, Inc.
33 Whitehall St
New York, NY 10004

Jeffrey Lack
Director
+1-312-368-3171

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email: sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com