

Bond Case Briefs

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Fitch Revises U.S. Rating Outlooks to Negative on Public Finance Deterioration.

- Fitch Ratings affirms the U.S.'s long-term foreign currency and local currency issuer default ratings at AAA and revises the outlooks to negative from stable.
- The outlook revision reflects "ongoing deterioration in the U.S. public finances and the absence of a credible fiscal consolidation plan, issues that were highlighted in the agency's last rating review on March 26, 2020."
- Notes that "high fiscal deficits and debt were already on a rising medium-term path even before the onset of the huge economic shock precipitated by the coronavirus."
- Fitch expects the country's general government debt to exceed 130% of GDP by 2021.
- On the positive side, "the U.S. benefits from issuing the U.S. dollar, the world's preeminent reserve currency, and from the associated extraordinary financing flexibility, which has been highlighted once again by developments since March 2020."
- Fitch considers U.S. debt tolerance to be higher than that of other AAA-rated sovereigns.

Seeking Alpha

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