

# **Bond Case Briefs**

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## **The Covid-19 Crisis Is Starting To Hurt State Bond Ratings. What Does This Mean For Your Investments?**

Investors are losing trust in the Land of Lincoln.

Illinois, the fifth largest state economy in the United States, is being forced to pay sky-high interest rates on its general obligation municipal bonds to compensate investors for the risk of lending the state money. The three largest credit rating agencies have not only classified Illinois debt as on the brink of junk, but they've also issued negative outlooks to boot.

The Prairie State has plenty of company in this regard. Moody's recently lowered the credit ratings of both New York State and New York City. New Jersey, despite being known as the state with the most millionaires per capita in the U.S., is considered a problematic bet—two credit rating agencies have it on negative outlook.

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