

# **Bond Case Briefs**

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## **S&P Extreme Weather Events: How We Evaluate The Credit Impacts In U.S. Public Finance**

Acute physical risks, caused by extreme weather events such as hurricanes, wildfires, and tornadoes can materialize at any time, and can cause significant physical damage and disruption. Across U.S. public finance (USPF), these events can have greatly varied credit impacts. Leading up to and immediately after the event, management teams are focused on emergency responses, public health and safety, and supporting the general welfare of residents. But while they are engaged in fulfilling their immediate responsibilities, credit market participants want to understand the potential short- and long-term impacts on credit. S&P Global Ratings strives to relay any such impact in our ratings.

(The most unanticipated event of 2020, thus far, has been the COVID-19 pandemic, which we view as a social event through its impact on health and safety. For a reference to our coverage of the credit effects of the pandemic, see "[COVID-19 Activity In U.S. Public Finance](#).")

However, this report focuses on extreme weather events that have occurred recently and the potential credit implications. It summarizes our process and considerations for analyzing and updating the market about our ratings across our USPF sectors during and after an extreme weather event. We also highlight sector-specific issues that we view as key credit considerations during these events.

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