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S&P Outlook For U.S. States: Symptoms Persist, But A Shot In The Arm Could Lead To Growth

Sector View: Negative

Negative now, but potentially back on track at some point in 2021. Although signs of a recovery have begun to take hold with the approval of vaccines and the stabilizing of certain revenues, many headwinds will continue to bear down on state credit stability in 2021. The severity of the sudden-stop recession and the reintroduction of social distancing measures in the winter will have a lasting effect on local economies and thus budget stability. S&P Global Economics expects national real GDP to have contracted 3.9% in 2020 and to grow 4.2% in 2021. Should vaccinations progress smoothly and economic growth match expectations, credit pressures could wane by mid-year.

Continue reading.

5 Jan, 2021

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