

# **Bond Case Briefs**

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## **Fitch: Downgrades Exceed Upgrades, U.S. Public Finance 2020 Annual Ratings Update Finds**

Fitch Ratings-New York-11 January 2021: Annual U.S. public finance downgrades exceeded upgrades for the first time since 2013, according to Fitch Ratings in a new report.

In 2020, Fitch upgraded 100 U.S. public finance ratings and downgraded 181 ratings, compared to 173 upgrades and 105 downgrades in 2019. There were 93 Positive Rating Outlooks/Watches and 441 Negative Rating Outlooks/Watches as of year end (2.8% and 13.3% of the portfolio respectively, compared to 3.3% and 3.8% at YE 2019).

Coronavirus-related credit impacts resulted in 69 downgrades and 305 Negative Outlook/Watch changes in 2020. Among the most impacted sectors were local governments (26 downgrades, 130 Negative Outlook/Watch), not-for-profit hospitals (13 downgrades, 19 Negative Outlook/Watches), higher education and non-profits (14 downgrades, 17 Negative Outlook/Watches), and transportation (7 downgrades, 118 Negative Outlook/Watches). Coronavirus-related pressures will persist in 2021; however, most issuers will be able to maintain their credit quality.

Fitch released its 2021 sector outlooks in December 2020. Six out of eight sectors have 'Stable' sector outlooks for 2021, indicating our expectation that credit pressures will be similar to those experienced in 2020. Fitch's sector outlooks for higher education and transportation are 'worsening' and 'improving', respectively.

'U.S. Public Finance Rating Actions Report and Sector Updates: 2020 Annual' is available at '[www.fitchratings.com](http://www.fitchratings.com)'.

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