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Fitch: Uncertain Return to Cruising Pressures US Port Revenues

Fitch Ratings-New York-19 May 2021: Recently updated cruise guidance from the Centers for Disease Control and Prevention (CDC) provides a more concrete path to potentially resuming some US cruises in July, which would help stabilize cruise port financial performance and ratings, Fitch Ratings says. Port revenues from cruise operations declined sharply over the last year in the US, with cruise ports recovery at a standstill.

Cruise ports have not been collecting revenues from normally stable cruise operations for over a year now. While other leisure and travel sectors started to recover from coronavirus-driven slumps, the CDC moratorium on cruises prevents a recovery in the US cruise sector. Liquidity and diversification from cargo revenues provided some cash flow relief but protracted delays in the resumption of cruising add pressure to port performance the longer they continue.

Should cruise activity not resume until July or later, port revenue streams from cruise-related activity will remain stalled into a second cruising season. Ports with diversified operations are under less pressure, as cargo port operations performed strongly through the pandemic.

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