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S&P U.S. Public Finance 2021 Year In Review: Growth, And Stimulus, Supported Ratings

Key Takeaways

U.S. public finance saw a return to credit stability. Strong economic growth translated to positive revenue performance for most borrowers and expansive federal stimulus had the effect of supporting issuers' finances.

Active management also supported credit quality across all sectors. This will continue to be important as other challenges-many of them also under the environmental, social, and governance (ESG) label-are testing issuers as the frequency and severity of wildfire, hurricane, drought, flooding, and cyber security events accelerate.

As we look ahead to 2022 there are key questions relating to the pandemic and the economy that will matter from a credit standpoint. Will the economic momentum continue? Will new COVID variants undermine confidence and recovery prospects? What will be the lasting implications of the pandemic? How will ESG challenges be met?

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