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S&P U.S. Transportation Infrastructure Port Sector Update And Medians: Ports Are Resilient In Shifting Tides

Key Takeaways

- The key near-term challenge for U.S. ports will be managing through economic headwinds, as S&P Global Economics includes a shallow recession in the base-case forecast for the first half of 2023, coupled with continuing supply chain issues that will keep inflation high.
- Ports also face lingering congestion issues caused by supply chain disruptions and logistical bottlenecks, which, while they will subside, could shift import container traffic from the West Coast to the East Coast.
- Container growth has continued in the pandemic rebound and we expect this year will be 1.6% higher compared with 2021, or 13% higher than levels in 2019, although recent monthly container traffic has fallen significantly.
- Our analysis of rated port issuers' fiscal 2021 financial metrics shows relatively stable performance with median revenues increasing 2.9% in 2021, resulting in median debt service coverage of 2.6x in 2021, compared with 2.3x in 2020 and 3.0x in 2019.

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