

U.S. Municipal Bond Market

“Final” COVID-19 Relief, New York City to Reopen June 8, 2020

Potential for “Final” COVID-19 Relief

Although the U.S. House passed the \$3 trillion Health and Economic Recovery Omnibus Emergency Solutions Act (HEROES Act) in the middle of May, indications are the Senate is less enthusiastic of such wide-sweeping relief. On Friday, Senate Majority Leader Mitch McConnell indicated Congress will decide whether to pass a “final” COVID-19 relief package in the coming weeks. He also specified that it would have a narrow focus.¹ Another round of relief is imperative for state and local government credit quality as The Center on Budget and Policy Priorities estimates state budget shortfalls at a record \$650 billion, while the National League of Cities projects total revenue loss for cities, towns, and villages to be about \$360 billion.

New York City to Reopen June 8, 2020

Back in March, New York Governor Andrew Cuomo and New York City (NYC) Mayor Bill de Blasio did not see eye-to-eye when Mayor de Blasio initially wanted to take steps to protect New York City from the spread of the COVID-19 virus.² Just days later, Governor Cuomo finally ordered all non-essential business to close and asked for state residents to minimize travel and stay at home to contain the virus spread.³

Since the government-imposed shutdown, NYC has essentially been closed, as almost nothing has operated as before. The period with the highest level of concern was from the beginning to middle of April when forecasts showed city hospitals could be overrun with COVID-19 patients. USNS Comfort, a 1,000-patient hospital ship, sailed into NYC’s Pier 90 in order to support the hospital system, but only seven of the 500 beds prepared for patients were used⁴ and the city hospital system was not besieged as expected.

The state, the region, and NYC successfully flattened the curve.

Today, Governor Cuomo and Mayor de Blasio announced NYC is likely to meet the state metrics required to reopen and resume non-essential activity by June 8, 2020. Friday, NYC reported only 61 new COVID-19 patients, which is well below the city-imposed guideline of fewer than 200 daily cases, per Mayor de Blasio.⁵

Relief for New York City and Related Credit

This cannot come soon enough as city and city-related revenues practically across the board have been challenged. Both Moody’s (Aa1) and Fitch (AA) assigned “Negative” outlooks to the NYC general obligation ratings in April, mostly citing budget concerns. S&P (AA) kept its “Stable” outlook on NYC.

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NYC’s announcement to reopen non-essential activity by June 8 cannot come soon enough as city and city-related credit quality have taken significant hits as revenues practically across the board have been challenged.

¹ Pramuk, Jacod; [Next coronavirus stimulus bill will be the ‘final’ one, Mitch McConnell says](#); CNBC; May 29, 2020.

² Feuer, William; [Gov Cuomo says he won’t approve coronavirus ‘shelter-in-place’ order for New York City after mayor tells residents to prepare](#); CNBC; March 18, 2020.

³ Plitt, Amy; [New York issues a pause on non-essential services and gatherings. Here’s what that means](#); Curbed; March 20th, 2020 and updated April 7, 2020.

⁴ Macias, Amanda; [Nearly 90% of the US Navy hospital ship in New York is empty amid coronavirus fight](#); CNBC; April 17, 2020.

⁵ Sherman, Stacie; [New York City is On Track to Open in Two Weeks, Cuomo Says](#); Bloomberg; May 29, 2020.

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