

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aa2 to the City of New York's GO Fiscal 2026 Series H, Subseries H-1; outlook negative

09 Apr 2026

New York, April 09, 2026 -- Moody's Ratings (Moody's) has assigned a Aa2 rating to the City of New York's \$2.3 billion Taxable General Obligation Bonds, Fiscal 2026 Series H, Subseries H-1. The bonds are scheduled to price April 14 and April 15. We maintain Aa2 ratings on approximately \$49 billion of city general obligation debt. The outlook is negative.

RATINGS RATIONALE

The Aa2 general obligation rating, the same as the city's issuer rating reflects, New York City's very large and diverse economic base, which continues to support solid revenue growth and provides substantial credit strength. Employment remains near historic highs, assessed values have continued to expand even despite some persistent commercial real estate challenges, and population trends reflect post-pandemic recovery. The city's competitive advantages-including a deep and highly skilled labor force, global financial and cultural prominence, strong higher education and healthcare institutions, and extensive domestic and international transportation links-underpin long-term economic resilience and provide substantial capacity to generate revenue across economic cycles.

The rating is further supported by the city's very strong institutional framework and financial governance, which have historically enabled timely and effective responses to fiscal pressures. New York City benefits from disciplined budget practices, a well-developed financial planning process, and a track record of adjusting expenditures and financial plans to maintain balance. These strengths are particularly important given the city's broad operational responsibilities and above-average debt burden. While the city maintains sizeable budgetary reserves and fixed costs that compare favorably with those of other large local governments, the presence of ongoing fiscal pressures and growing expenditure demands weighs on the credit profile and underscores the importance of sustained policy discipline.

The general obligation rating also reflects the city's full faith and credit pledge to pay debt service on the bonds.

RATING OUTLOOK

The negative outlook reflects New York City's updated spending projections, which give rise to larger multi-year budget gaps than previously forecast. That the city projects large and persistent imbalances under still-favorable economic and revenue conditions highlights the extent of its underlying structural budget challenges. Over the next 12 months, the outlook will be influenced by the city's ability to narrow projected gaps through recurring measures and demonstrate progress toward restoring structural balance within its financial plan. Gap-closing strategies that rely on non-recurring measures, including the use of reserves, would limit financial flexibility, especially if economic growth slows sharply or an outright downturn materializes. State-level proposals to enhance revenue or other spending policy changes that benefit the city could have a stabilizing effect over time, if enacted.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Maintenance of sustainable, structurally balanced budgets
- Stronger reserves, including replenishment after the planned draw on Revenue Stabilization Fund and establishment of a mechanism to make regular deposits to it

- Reduction of fixed costs ratio closer to Aa median of about 11%

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Forecast budget gaps, excluding one-time solutions, that drive them closer to 10% of city funds revenue
- Return to negative available fund balance, or use of OPEB assets to balance the budget
- Economic events such as sustained declines in equity prices, or trends that create significant persistent structural budget imbalances
- Divergence from well-established fiscal practices and strong budgetary management

PROFILE

New York City is the largest city in the US by population (8.58 million estimated as of July 2025) and by the size of its economy (real GDP of \$1.1 trillion). New York City's GDP is larger than all but four states. The size and scope of the city's operations are broader than most local governments: in addition to the city government, New York City is five counties and the nation's largest public school system, with approximately one million students.

METHODOLOGY

The principal methodology used in this rating was US Cities and Counties published in December 2025 and available at <https://ratings.moodys.com/rmc-documents/455983>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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