

Shares of US banks drop after S&P downgrades some ratings

Aug 22 (Reuters) – Shares of several U.S. banks fell on Tuesday, the day after ratings agency S&P Global followed Moody’s in cutting its credit ratings on some regional lenders with high commercial real estate (CRE) exposure.

S&P’s action will make borrowing more costly for a banking sector aiming to recover from a crisis earlier this year, when three regional lenders failed, prompting broader industry turmoil.

“Some of the structural aspects for banks, regarding their balance sheet, remain risks to banks, as the Fed continues to try to anchor inflation with higher rates for longer,” said David Wagner, portfolio manager at Aptus Capital Advisors.

S&P on Monday cut ratings on Associated Banc-Corp (ASB.N) and Valley National Bancorp (VLY.O) on funding risks and higher reliance on brokered deposits.

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