

# U.S. Corporates Hold A Record \$2.5 Trillion Cash Amid Pandemic Shock While Debt Reaches \$7.8 Trillion

SAN FRANCISCO, Dec. 8, 2020 /PRNewswire/ -- Cash and investments held by U.S. nonfinancial and nonutility corporate issuers rated by S&P Global Ratings rose 30% to a record \$2.5 trillion in the first half of 2020, according to a report published today. Debt rose 9% to \$7.8 trillion as companies issued a record amount to make it through the COVID-19 pandemic-related shock to their businesses.

The pandemic has led many corporate borrowers to reverse the shedding of cash from their balance sheets that began in early 2018 in the wake of passage of the Trump administration's corporate tax cut, S&P Global Ratings analyst Geoffrey Wilson says in "[U.S. Corporates Hold Record \\$2.5 Trillion Cash To Meet Pandemic Shock; Debt Reaches \\$7.8 Trillion](#)", published today. The U.S. Federal Reserve's plan to keep benchmark interest rates near zero for at least three more years also bodes well for future liquidity needs if the pandemic and recession worsen or vaccines become delayed.

While this has eased near-term liquidity concerns for all but the highest-risk issuers, the trajectory of post-pandemic cash balances will depend on management teams' decisions about whether to use the added cash to proactively ensure liquidity, pay down debt, or put it toward shareholder-friendly activities and acquisitions.

S&P Global Ratings believes near-term economic uncertainty likely will keep balance sheets relatively conservative. However, if the outlook brightens in 2021 as coronavirus vaccines become widely available, we believe some issuers will revert to more aggressive financial policies. The economic disruption from the pandemic isn't uniformly distributed. Most issuers will suffer to varying degrees, but some may thrive, leading companies to rethink their shareholder return strategies.

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