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# Rank order analysis of state general obligation bond ratings

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## Abstract

This study extends research which suggests the possibility that different economic variables might have been emphasized by Moody's in establishing state bond ratings. The objectives and the scope of the earlier study preclude formal testing, and the Scheffe test is not the proper statistical tool to investigate the issue. This study uses rank order analysis to conduct a formal test. It confirms the existence of regionalization in state bond ratings. It finds statistical evidence that beginning in the early 1970s different economic variables were emphasized in establishing the ratings. The change in economic variables coincides with the administrative change in Moody's in 1972.

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