

This Week In Credit

Trends Improving Despite Higher Defaults

This report does not constitute a rating action.

April 8, 2024

Key Takeaways

- Positive rating actions and outlook changes greatly outnumbered negative ones last week, in line with the improving trend we've noted since February.
- Six defaults last week represented the highest number so far this year. This extends the elevated defaults trend, but we expect it to stabilize toward year-end.
- The one new rising star last week was Italian capital goods company, Ali Holding S.R.L.
- Higher financing costs are among the persistent risks. Last week, speculative-grade bond spreads and CDS spreads for North American corporates widened.

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Ratings performance trends

Arrows indicate week over week trend

Positive No change Negative

Rating actions				Rating transitions			
Upgrades	Downgrades	Positive OLCW changes	Negative OLCW changes	Rising stars	Fallen angels	Risky credits	Defaults
20	3	16	13	1	0	0	6

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Industries most at risk			U.S. distress ratio
Net outlook bias Chemicals, packaging, and environmental services -17.2%	Potential fallen angels 8 Homebuilders/real estate co.	Weakest links 45 Consumer products	5.3%

Ratings at a glance					
North America		Europe		Asia-Pacific	
Net outlook bias	-9.7%	Net outlook bias	-6.8%	Net outlook bias	-2.7%
Potential fallen angels ratio	3.6%	Potential fallen angels ratio	3.7%	Potential fallen angels ratio	1.0%
Weakest links ratio	15.3%	Weakest links ratio	8.8%	Weakest links ratio	1.9%

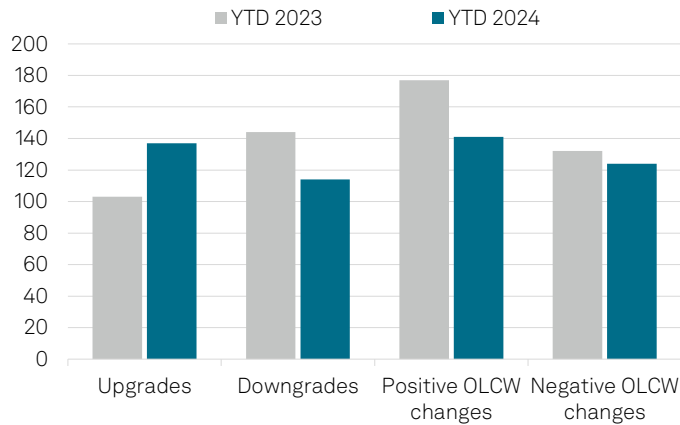
Data as of April 4, 2024. Note: Weekly rating actions, weekly transitions, and industries most at risk are all global data. Data excludes structured and public finance. Upgrades and downgrades exclude no-debt corporate rating actions and confidential rating actions. Downgrades exclude transitions to default and confidential rating actions. Defaults from confidential issuers are included in the default tally. OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Year To This Week

Chart 1

Rating actions

Year-to-date total and weekly average

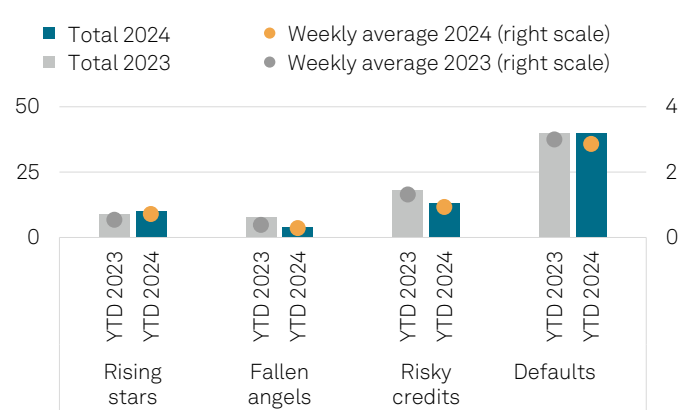


Data as of April 4, 2024 (2023 data is through April 4). YTD--Year to date. OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

Rating transitions

Year-to-date total and weekly average

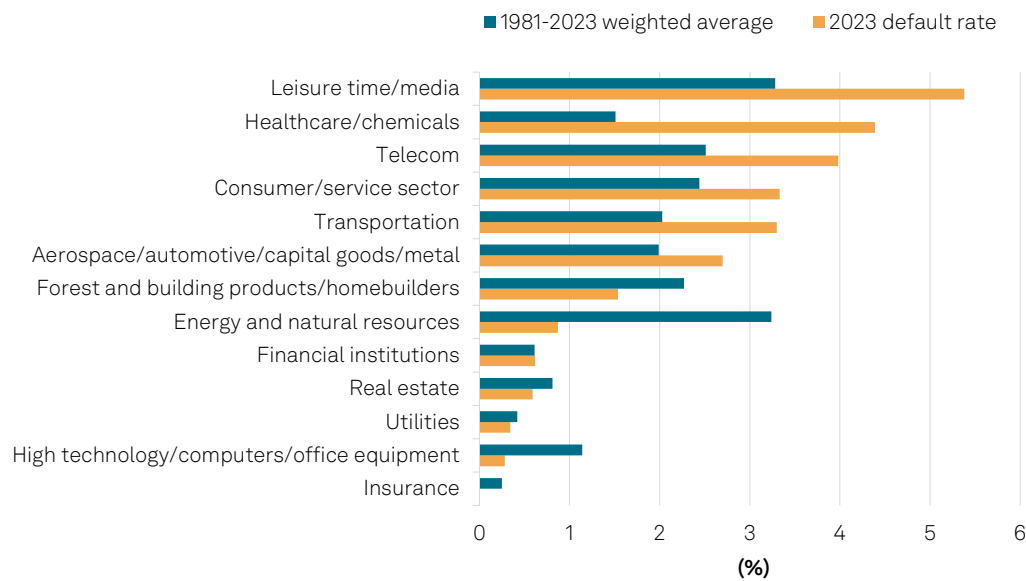


Data as of April 4, 2024 (2023 data is through April 4). YTD--Year to date. Source: S&P Global Ratings Credit Research & Insights.

Chart Of The Week

Chart 3

Global corporate default rates by industry: 2023 versus long-term average



This chart was first published in "Default, Transition, and Recovery: 2023 Annual Global Corporate Default And Rating Transition Study," on March 28, 2024. Source: S&P Global Ratings Credit Research & Insights; S&P Global Market Intelligence's CreditPro®.

Related Research

[Credit Trends: U.S. Corporate Bond Yields As Of April 3, 2024](#), April 4, 2024

[This Month In Credit: Out Of The Woods?](#), March 29, 2024

[Default, Transition, and Recovery: 2023 Annual Global Corporate Default And Rating Transition Study](#), March 28, 2024

[Default, Transition, and Recovery: 2023 Annual Global Sovereign Default And Rating Transition Study](#), March 27, 2024

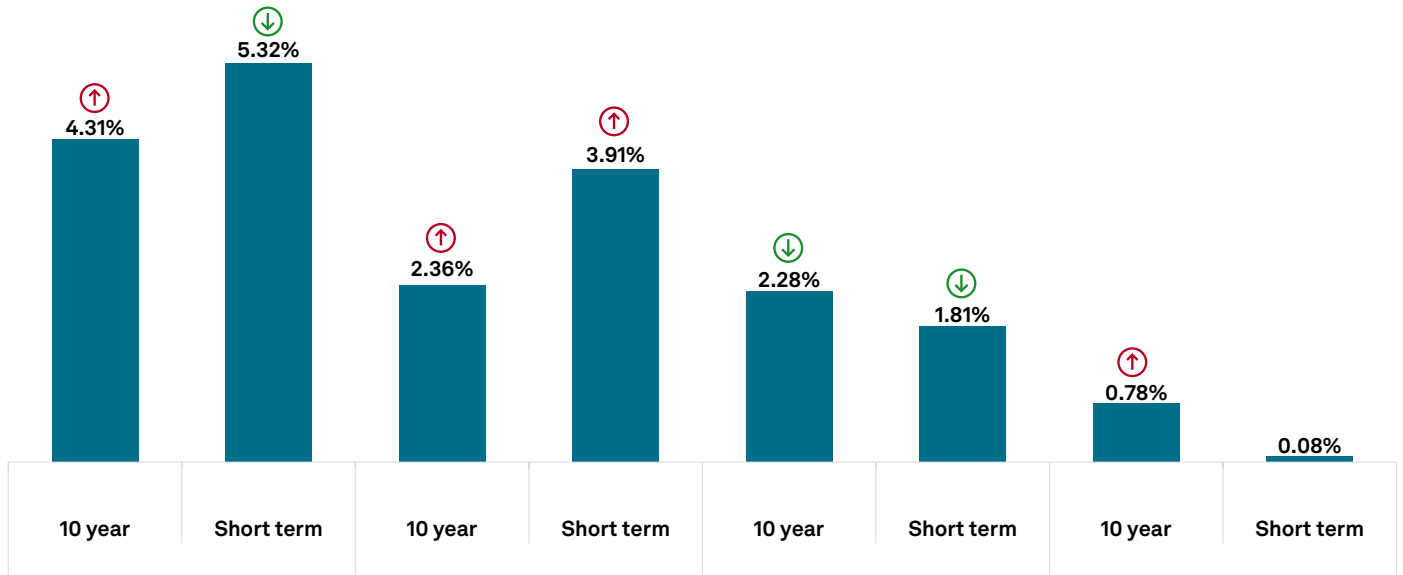
Upcoming Webinars

[Leveraged Lending Spotlight: Debt Recoveries](#), April 11, 2024

Credit Market Conditions

Chart 4

Benchmark yields



Data as of April 4, 2024. DR007 as of April 3, 2024. Source: S&P Global Ratings Credit Research & Insights, Refinitiv, ICE Data Indices, Federal Reserve Bank of St. Louis. Economics & Country Risk from IHS Markit. Short-term rates: U.S., SOFR; Germany, euro short-term rate; China, DR007; and Japan, uncollateralized overnight call rate.

Chart 5

Secondary market credit spreads

■ Spread (basis points) ■ Five-year average

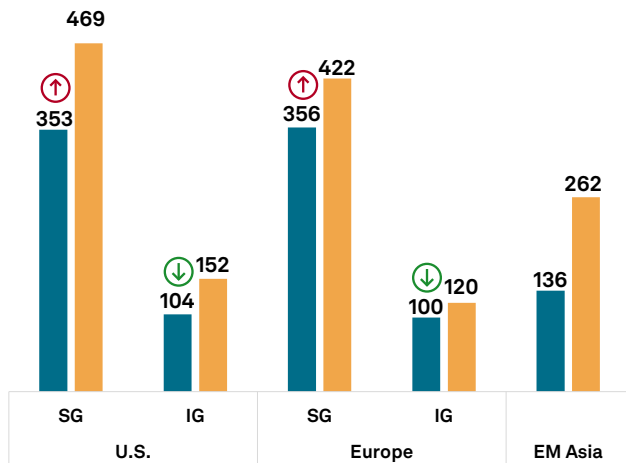
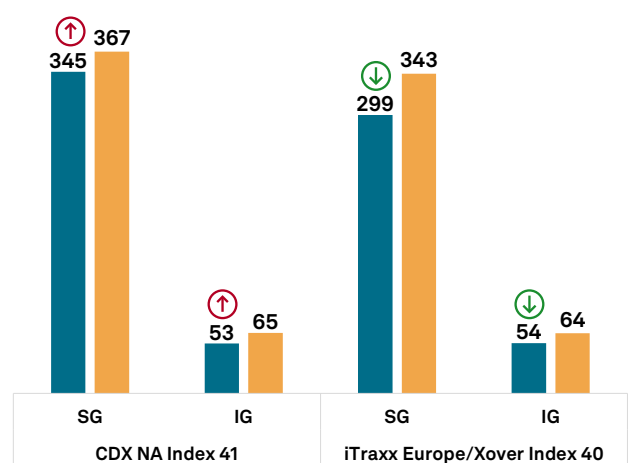


Chart 6

CDS pricing

■ CDS spreads ■ Five-year average



Data as of April 4, 2024. The arrows indicate weekly trends. Sources: S&P Global Ratings Credit Research & Insights, ICE Data Indices LLC, ICE BofA Euro High-Yield Index Option-Adjusted Spread, retrieved from the Federal Reserve Bank of St. Louis, S&P Global Market Intelligence.

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Table 1

Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
April 1, 2024	Upgrade	GFL Environmental Inc.	Consumer products	Canada	BB-/Positive	B+/Positive	6,934
April 4, 2024	Downgrade	ORIX Corp.	Financial institutions	Japan	BBB+/Stable	A-/Negative	4,947
April 4, 2024	Upgrade	Landsbankinn hf.	Financial institutions	Iceland	BBB+/Stable	BBB/Positive	4,204
April 2, 2024	Upgrade	Bank of Queensland Ltd.	Financial institutions	Australia	A-/Stable	BBB+/Positive	3,662
March 29, 2024	Upgrade	Sunsource Borrower LLC,	Capital goods	U.S.	B/Stable	B-/Watch Pos	3,370
April 3, 2024	Downgrade	Rackspace Technology Global Inc.,	High technology	U.S.	SD/NM	CCC-/Negative	3,300
April 2, 2024	Upgrade	Bendigo and Adelaide Bank Ltd.	Financial institutions	Australia	A-/Stable	BBB+/Positive	3,065
April 4, 2024	Upgrade	Islandsbanki hf	Financial institutions	Iceland	BBB+/Stable	BBB/Positive	2,903
April 3, 2024	Upgrade	Avolta AG	Retail	Switzerland	BB+/Stable	BB/Stable	2,776
March 29, 2024	Upgrade	Ali Holding S.R.L.	Capital goods	Italy	BBB-/Positive	BB+/Positive	2,250

Data as of April 4, 2024. Note: Rating actions include financial and nonfinancial corporates and sovereign issuer credit ratings. Excludes no-debt corporate rating actions and confidential rating actions. *Long-term issuer credit rating/outlook or CreditWatch status. Downgrades include defaults. Source: S&P Global Ratings Credit Research & Insights. SD-- Selective default. D--Default.

Table 2

Last week's defaults

Date	Parent company	Country/market	Subsector	To	From	Reason
March 29, 2024	Atlas Midco Inc.	U.S.	High technology	D	CCC+	Distressed exchange
March 29, 2024	Aventiv Technologies LLC	U.S.	Telecommunications	SD	CC	Distressed exchange
March 29, 2024	La Financiere Atalian SAS	France	Consumer products	D	CC	Distressed exchange
April 1, 2024	Wom S.A.	Chile	Telecommunications	D	CCC	Bankruptcy
April 3, 2024	Rackspace Technology Global Inc.	U.S.	High technology	SD	CCC-	Distressed exchange
April 4, 2024	Never Slip Topco Inc.	U.S.	Consumer products	D	CCC-	Bankruptcy

Data as of April 4, 2024. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®. Excludes local currency defaults. Preliminary data. SD--Selective default. D--Default.

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Glossary And Abbreviations

Ratings Performance Trends

Fallen angels--Issuers downgraded to speculative-grade from investment-grade.

Investment-grade (IG)--Issuers rated 'BBB-' or above.

Negative bias--Percentage of issuers with a negative outlook or on CreditWatch.

Net outlook bias--Percentage of issuers with a positive bias minus those with a negative bias.

OLCW--Outlooks and CreditWatch placements.

Positive bias--Percentage of issuers with a positive outlook or CreditWatch placement.

Potential fallen angels--Issuers rated 'BBB-' with either a negative outlook or CreditWatch placement.

Potential fallen angel ratio--The number of potential fallen angels divided by the population of issuers rated in the 'BBB' category.

Rising stars--Issuers upgraded to investment-grade from speculative-grade.

Risky credits--Issuers rated 'CCC+' and below with a negative outlook or CreditWatch placement.

Speculative-grade (SG)--Issuers rated 'BB+' or below.

U.S. distress ratio--Proportion of speculative-grade issues with option-adjusted composite spreads of more than 1,000 basis points relative to U.S. Treasury bonds.

Weakest links--Issuers rated 'B-' and below with either a negative outlook or CreditWatch placement.

Weakest links ratio--The number of weakest links divided by the total speculative-grade ratings population.

Credit Market Conditions

CDS--Credit default swaps.

CPI--Consumer price index.

DR007--Seven-day repurchase rate for depository institutions.

EM--Emerging markets.

SOFR--Secured overnight financing rate.

Note: For definitions of ratings, outlooks, CreditWatch status, and other credit terms, see: "[S&P Global Ratings Definitions](#)."

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