

This report does not constitute a rating action.

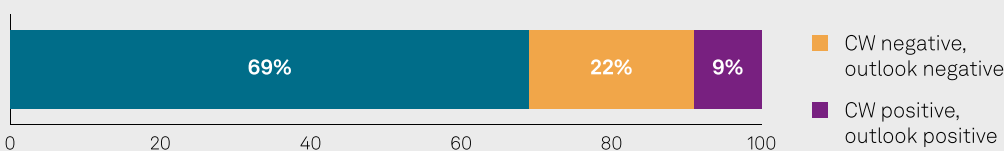
U.S. And Canada Summary Report

April 16, 2024

The March Snapshot

About 61% of speculative-grade companies (by issuer count) that we rate are at 'B' or below

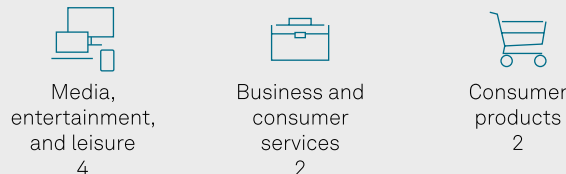
Outlook distribution



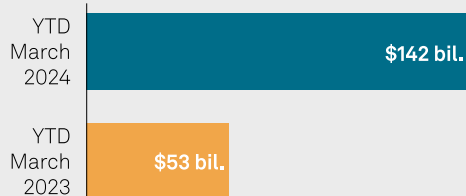
Seven new speculative-grade issuers in March



Top three sectors



Institutional volume in the U.S. primary leveraged loan market kept pace as issuers continued to address their debt maturities



The U.S. CLO primary market continued to expand in March, reaching the second-highest monthly level since November 2021



Note: The data above is year-to-date (YTD) except for the outlook distribution. CW--CreditWatch. CLO--Collateralized loan obligations. The outlook distribution is rounded to a whole number and only includes U.S. and Canada corporate ratings (excluding the utilities sector). Source: S&P Global Ratings. Leveraged loan (institutional) and CLO primary market data is sourced from PitchBook LCD.

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DATA -To see the data used in this report, click [here](#).

Key Insights

1. Speculative-grade ratings have benefitted from improved credit-market conditions and expectations for economic growth. The number of upgrades rose in the first quarter of 2024 (compared with the fourth quarter of 2023), while downgrades reached their lowest level since the third quarter of 2022. However, high interest rates and inflation continue to pressure our lowest-rated issuer’s credit quality and our upgrade-to-downgrade ratio. The media, entertainment, and leisure sectors experienced the most speculative-grade downgrades in March, while the capital goods sector experienced the most upgrades.
2. The speculative-grade corporate default rate remained above its long-term average in March. However, we anticipate the U.S. trailing-12-month speculative-grade corporate default rate to remain relatively flat from current levels at 4.75% (80 defaults) by December 2024.¹
3. In March, the negative and positive bias among speculative-grade issuers remained unchanged from the prior month at 22% and 9%, respectively, though they have improved modestly from their third-quarter 2023 levels of 24% and 7%, respectively.

PODCASTS

[The Upgrade Episode 33: Testing Private Debt’s Resilience Through The Credit Estimate Lens](#), Mar. 22, 2024

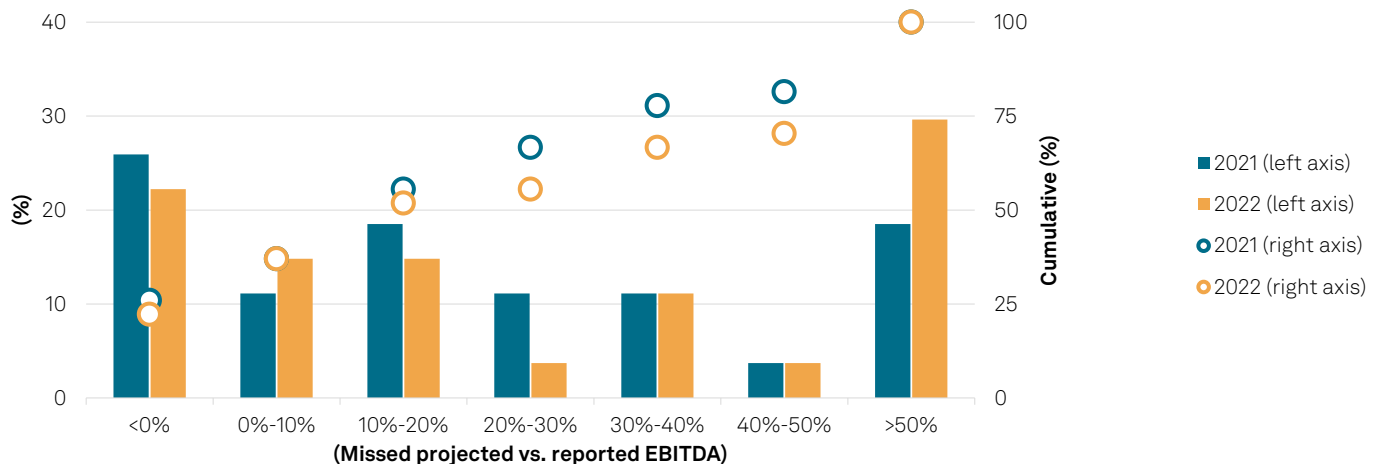
[The Upgrade Episode 32: Creative Structuring Helps Trinseo PLC](#), Nov. 10, 2023

[The Upgrade Episode 31: Unlocking The Big Deal - Worldpay’s ‘BB’ Credit Rating Explained](#), Sept. 15, 2023

Monthly Highlight

EBITDA divergence, 2020 cohort

Company-projected vs. actual reported



Source: S&P Global Ratings.

Adding Up: EBITDA Addback Study Shows Moderate Improvement In Earnings Projection Accuracy

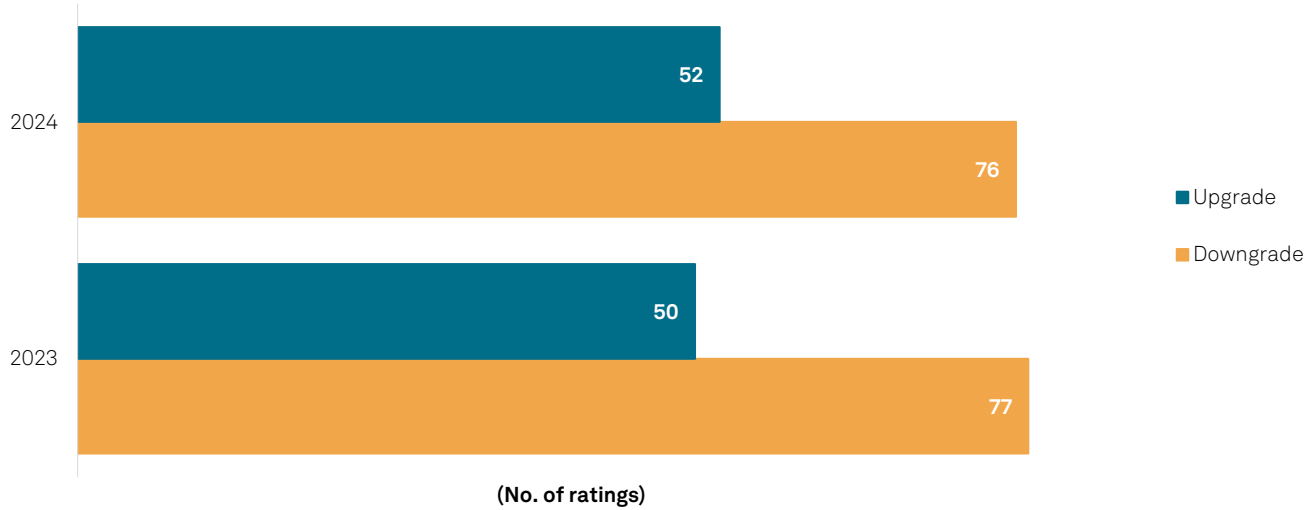
[Read The Full Report >](#)

The S&P Global Ratings’ sixth annual analysis of EBITDA addbacks continues to show that addbacks represent a significant percentage of management-adjusted EBITDA at deal inception (30% on a median basis over the life of the study), and management projections are aggressive, further substantiating that generally U.S. speculative-grade corporate issuers present earnings, debt, and leverage projections in their marketing materials at deal inception that they cannot realize, indicated by our study showing median leverage misses of 2.3 turns in year one following deal inception and 2.7 turns in year two.

YTD 2024 & 2023 Speculative-Grade Rating Actions

Chart 1

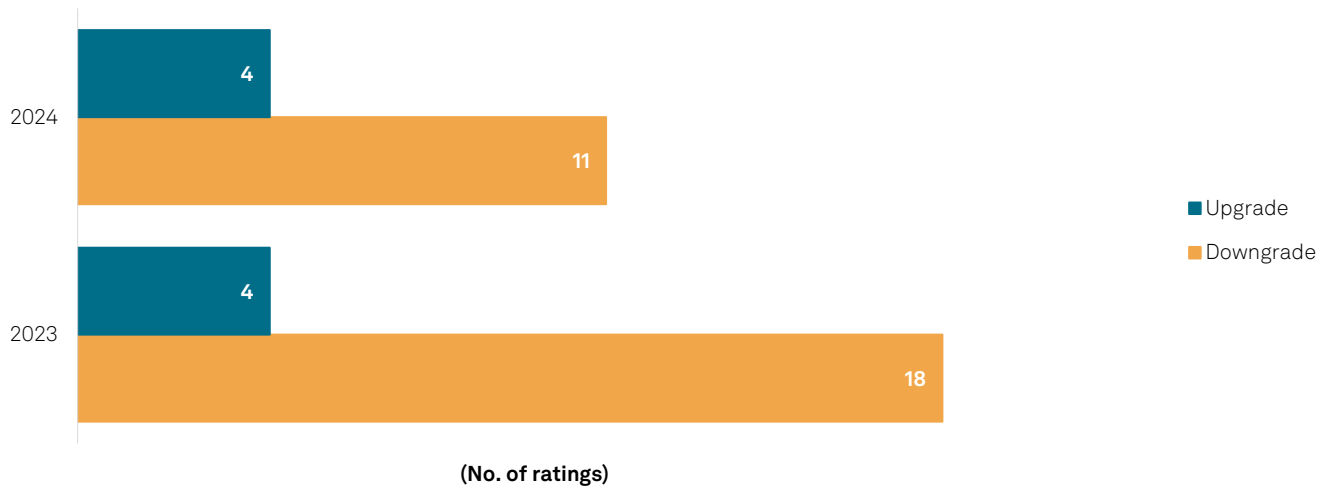
Upgrades and downgrades



Note: Data represents only rating actions for U.S. and Canada corporate ratings as of the end of March 2024 and 2023. For the month of March 2024, the downgrade-to-upgrade ratio for the US and Canada was 1.53. Source: S&P Global Ratings.

Chart 2

Ratings coming into/out of 'CCC' categories

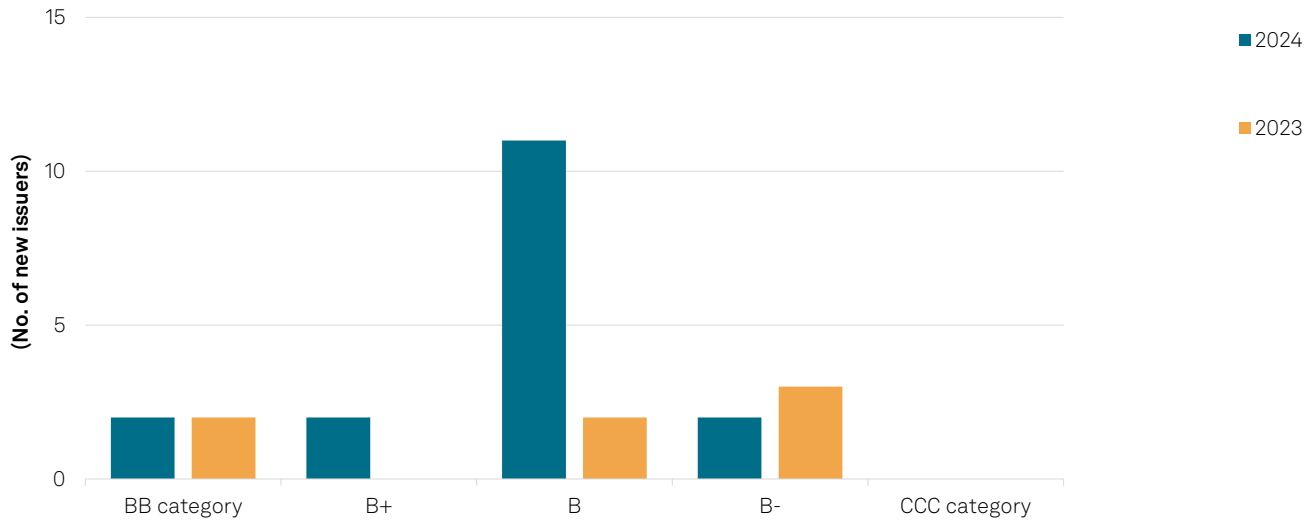


Note: Data represents only rating actions for U.S. and Canada corporate ratings as of the end of March 2024 and 2023. Source: S&P Global Ratings.

YTD 2024 & 2023 Speculative-Grade New Issuers

Chart 3

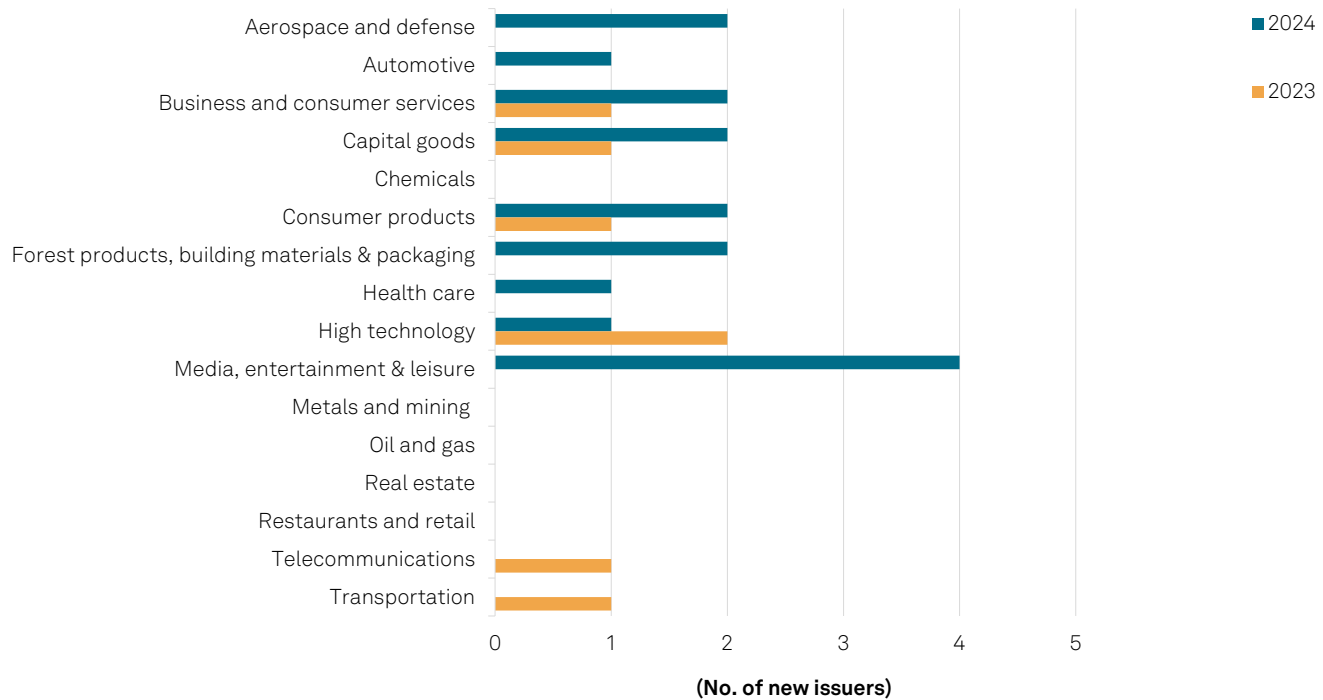
New issuers by rating



Note: Data represents new issuers as of end of March 2024 and 2023. Includes U.S. and Canada corporate ratings and excludes confidential issuers. Source: S&P Global Ratings.

Chart 4

New issuers by industry group



Note: Data represents new issuers as of end of March 2024 and 2023. Includes U.S. and Canada corporate ratings and excludes confidential issuers. Source: S&P Global Ratings.

Defaults as of Feb. 29, 2024

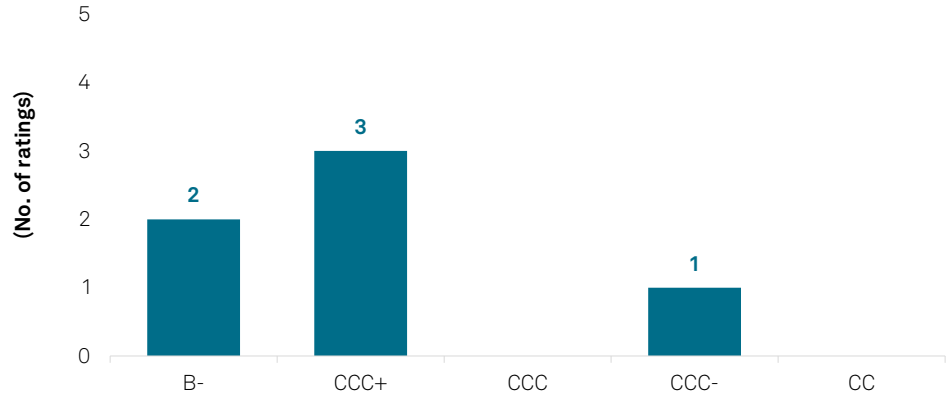
Chart 5

Downgrade to 'SD'/'D'



Chart 6

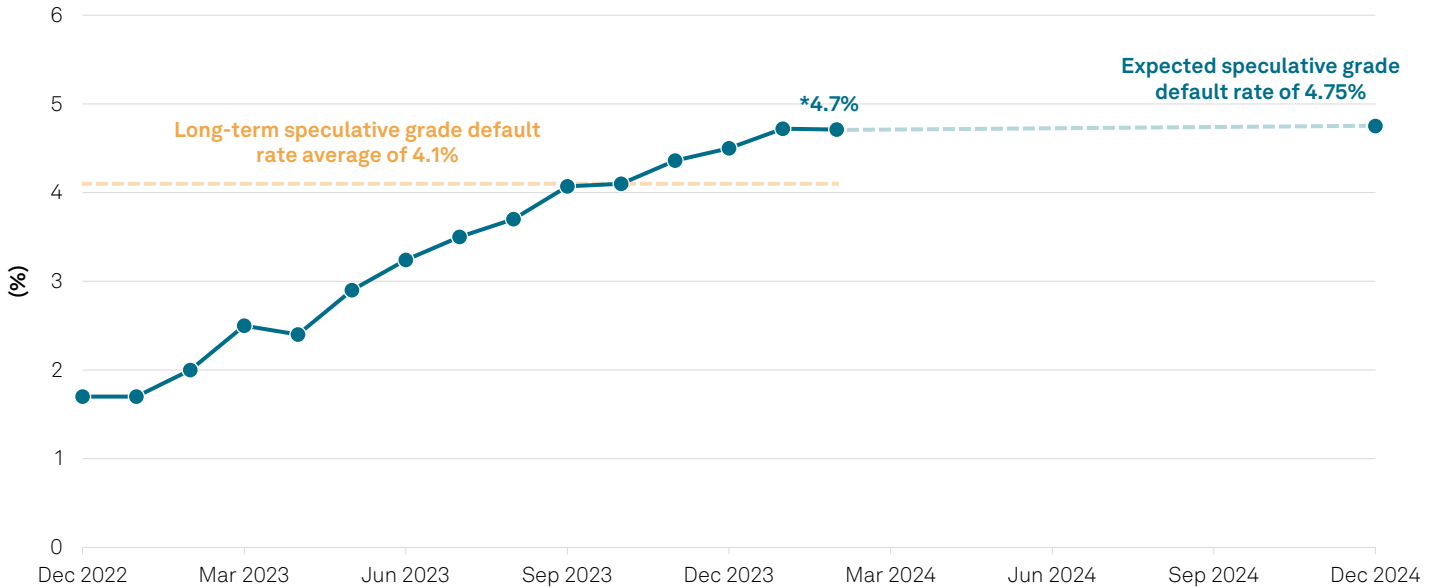
Ratings raised after selective default ('SD'—6 raised)



Note: Data as of YTD Feb. 29, 2024. Includes U.S. (including Bermuda and Cayman Islands in chart 5) and Canada corporate defaults. SD--Selective default. Source: S&P Global Ratings. For more information on U.S. and Canada defaults, refer to our monthly publication, [Elevated European Defaults Help Push Global Corporate Default Tally To Fastest Pace Since 2009](#), published Mar. 13, 2024. We also publish a newsletter, [This Week In Credit](#), which lists our weekly rating actions and defaults.

Chart 7

U.S. trailing-12-month speculative-grade default rate

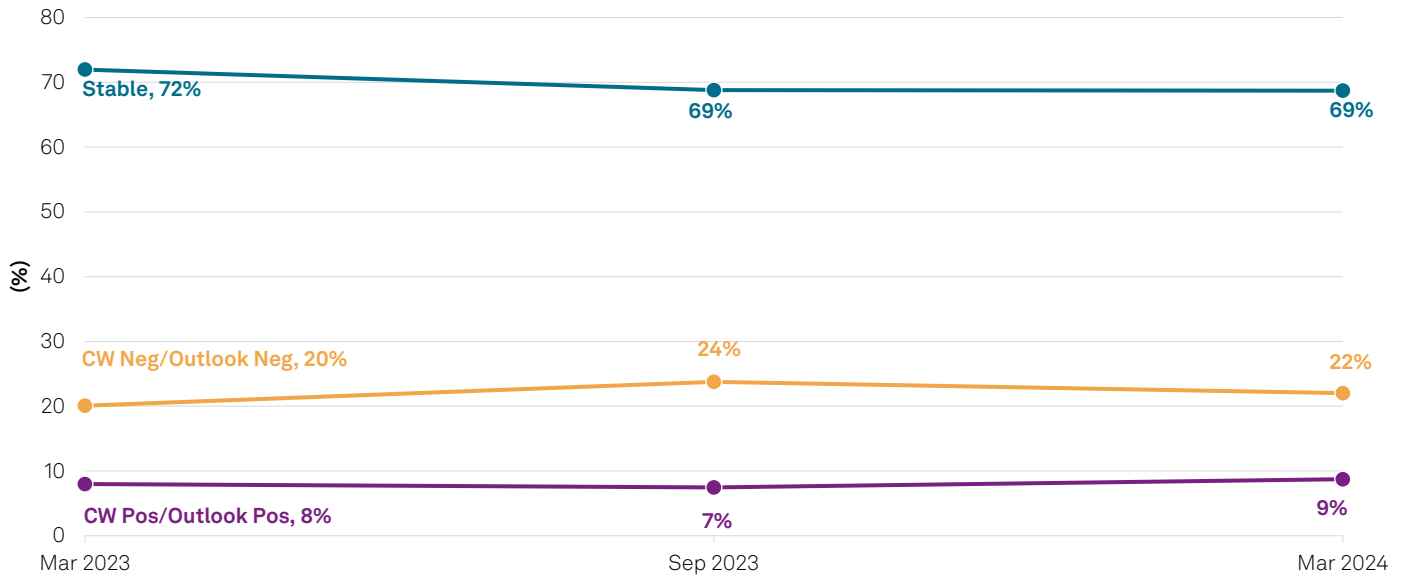


Note: *Trailing-12-month speculative-grade default rates from Feb. 28, 2023-Feb. 29, 2024, are preliminary and subject to change. The long-term average dates back to Dec. 1981. Source: S&P Global Ratings, [Elevated European Defaults Help Push Global Corporate Default Tally To Fastest Pace Since 2009](#), published Mar. 13, 2024.

Speculative-Grade Rating Outlook Mix

Chart 8

March 2023/2024 speculative-grade CreditWatch/outlook distribution

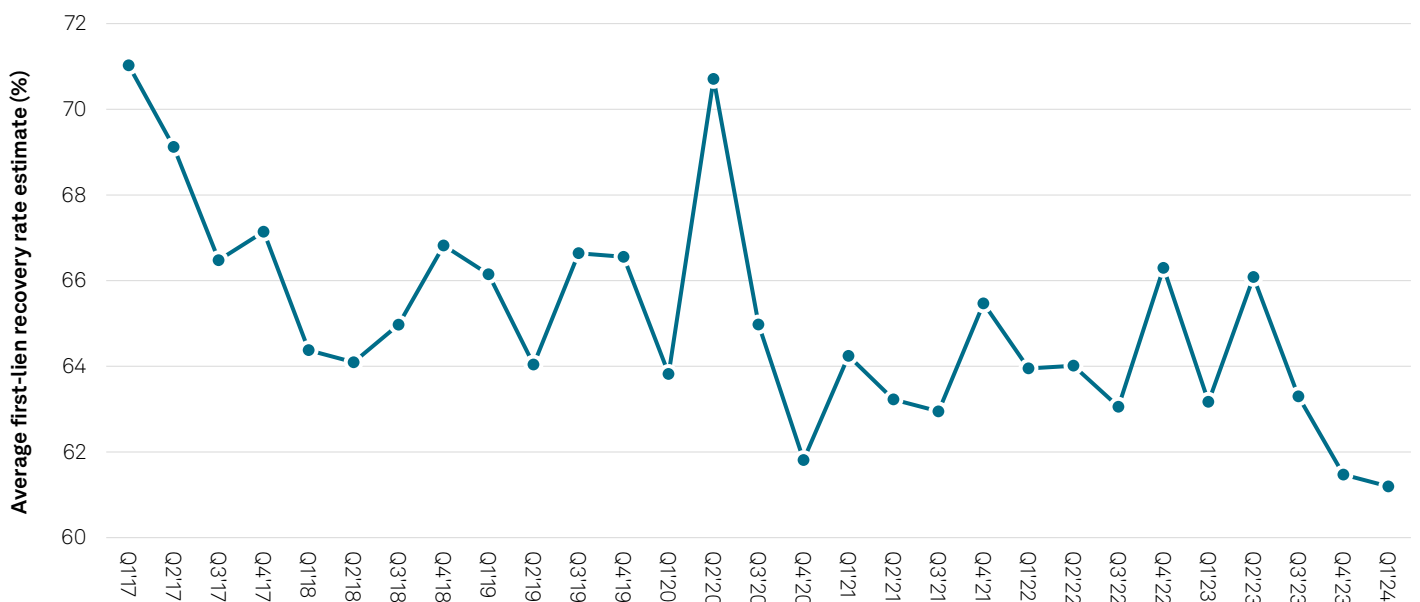


Note: Data from Mar. 31, 2023, to Mar. 31, 2024. CreditWatch/outlook distribution includes all speculative-grade U.S. and Canada corporate ratings. Does not include investment-grade issuers. Source: S&P Global Ratings.

Recovery Ratings

Chart 9

Recovery ratings distribution of first-lien new issues (U.S. and Canada)



Source: S&P Global Ratings.

CLOs

Table 1

Top 10 obligors held in U.S. BSL CLOs (first-quarter 2024)

Rank	Parent obligor	Rating and CW/outlook	GIC code
1	Liberty Global PLC	BB-/Stable	Diversified telecommunication services
2	Altice Europe N.V.	NR	Media
3	Asurion Group Inc.	B+/Stable	Information technology services
4	Ineos Ltd.	BB/Negative	Chemicals
5	TransDigm Inc.	B+/Stable	Aerospace and defense
6	Medline Borrower L.P.	B+/Stable	Health care providers and services
7	Peraton Corp.	B/Stable	Information technology services
8	Altice USA Inc.	B-/Stable	Media
9	Endeavor Group Holdings Inc.	BB-/WatchNeg	Entertainment
10	Acrisure Holdings Inc.	B/Stable	Insurance

Note: Ratings and CreditWatch/outlooks as of Apr. 12, 2024. NR--Not rated.

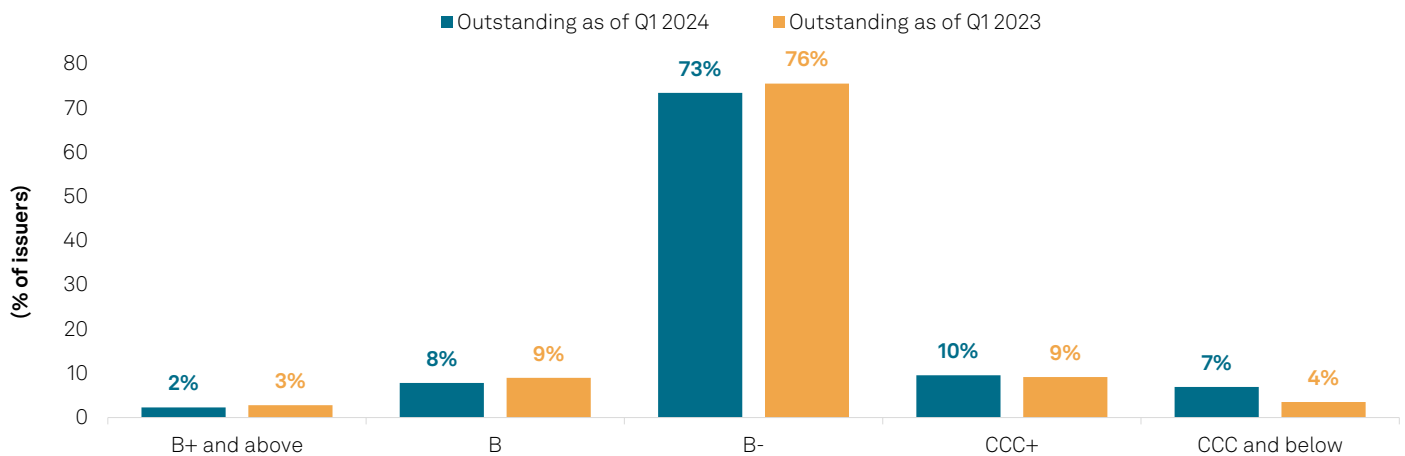
Source: S&P Global Ratings. [U.S. BSL CLO Top Obligors And Industries Report: First-Quarter 2024](#), Apr. 11, 2024.

Middle Market CLOs | Credit Estimates

For more information, read the [Credit FAQ on Credit Estimates](#).

Chart 10

Overall credit estimate distribution by issuer count*



*Covers all outstanding S&P Global Ratings U.S. credit estimates, including estimates for obligors not currently held within a CLO transaction. CLO--Collateralized loan obligation. Source: S&P Global Ratings.

Sources

¹[U.S. Speculative-Grade Corporate Default Rate To Hit 4.75% By December 2024 After Third-Quarter Peak](#), Feb. 15, 2024

Related Research

- [CreditWeek: Why Is EBITDA Addback Analysis Critical For Investors?](#), Apr. 11, 2024
- [Are Prospects For Global Debt Recoveries Bleak?](#), Mar. 14, 2024
- [High Interest Rates And Massive Debt Burdens Will Pressure U.S. Telecom And Cable Speculative-Grade Ratings In 2024](#), Feb. 26, 2024
- [North American Debt Recoveries May Trend Down For Longer](#), Dec. 11, 2023
- [Testing Private Debt's Resilience Through The Credit Estimate Lens](#), Nov. 2, 2023
- [Creative Structuring Helps Trinseo PLC. Comes With Lowered Recovery Prospects And Higher Costs](#), Sept. 19, 2023
- [Rocky Road Ahead For Recurring-Revenue Loans](#), June 21, 2023
- [Refinancing Needs And Rate Uncertainty Drive Issuers To The High-Yield Bond Market](#), June 1, 2023
- [Recovery Report Tracker--U.S. And Canada \(As Of April 27, 2023\)](#), April 27, 2023
- [Risks To Leveraged Loans And CLOs Amid An Increasingly Cloudy Macroeconomic Environment](#), March 29, 2023
- [New Study Finds U.S. Speculative-Grade Issuers Most Vulnerable To Higher-For-Longer Interest Rate Environment](#), March 27, 2023
- [Fifth Annual Study Of EBITDA Addbacks Finds Management Continues To Regularly Miss Projections](#), Feb. 16, 2023
- [Credit Trends: Risky Credits: North America's 'CCC+' And Below Rated Debt Reaches \\$230 Billion](#), Nov. 23, 2022
- [Credit FAQ: Envision Healthcare Corp.'s Two Major Restructurings In 100 Days](#), Sept. 2, 2022
- [Leveraged Finance: Leveraged Loan Market Could Feel The Pinch Of Higher Benchmark Rates And Risk Premiums For A While](#), Aug. 10, 2022
- [U.S. Leveraged Finance Q2 2022 Update: Corporate Borrowers Brace For Slow-Growth Recession](#), July 27, 2022
- [Common Themes In Middle-Market Credit Agreements](#), July 6, 2022

Leveraged Finance Key Resources

- [Sixth Annual Study Of EBITDA Addbacks](#), Mar. 27, 2024
- [U.S. Leveraged Finance Q4 2023 Update](#), Feb. 23, 2024
- [U.S. Speculative-Grade Corporate Default Rate To Hit 4.75% By December 2024 After Third-Quarter Peak](#), Feb. 15, 2024
- [U.S. BSL CLO And Leveraged Finance Update Q1 2024](#), Feb. 12, 2024
- [Credit Trends: Risky Credits: Debt Levels Rose 33% In North America In 2023 As Maturities Loom](#), Feb. 7, 2024
- [Middle-Market CLO And Private Credit Q1 2024](#), Jan. 26, 2024
- [Global Leveraged Finance Handbook, 2022-2023](#), July 17, 2023
- [2022 Annual U.S. Corporate Default And Rating Transition Study](#), June 13, 2023

Articles are available at [Corporate Research | S&P Global Ratings \(spglobal.com\)](#).

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