

This Week In Credit

A Jump In Speculative-Grade Upgrades

This report does not constitute a rating action.

April 29, 2024

Key Takeaways

- The number of positive rating actions or outlook revisions outnumbered negative ones again last week. Nine out of 10 upgrades were on speculative-grade issuers. However, we added a new fallen angel, bringing this year's count to seven.
- There were three defaults last week, two of these were U.S. companies that completed distressed exchanges in which lenders will receive less than originally promised.
- Homebuilders and real estate replaced chemicals, packaging, and environmental services as the sector with the highest negative bias.
- Credit risk pricing improved as bond and CDS spreads tightened. Benchmark yields rose at the longer end while short-term rates remained broadly stable.

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
10	9	11	6	0	1	1	3

Industries most at risk			U.S. distress ratio
Net outlook bias	Potential fallen angels	Weakest links	
-17.1% Homebuilders/real estate co.	8 Homebuilders/real estate co.	43 Consumer products	5.3%

Ratings at a glance					
North America		Europe		Asia-Pacific	
Net outlook bias	-9.7%	Net outlook bias	-7.0	Net outlook bias	-2.7%
Potential fallen angels ratio	3.8%	Potential fallen angels ratio	3.7%	Potential fallen angels ratio	1.0%
Weakest links ratio	14.6%	Weakest links ratio	9.3%	Weakest links ratio	3.5%

Data as of April 25, 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.

Contacts

Sarah Limbach
Paris
+33-14-420-6708
sarah.limbach@spglobal.com

Patrick Drury Byrne
Dublin
+353-1-568-0605
patrick.drurybyrne@spglobal.com

Vincent Conti
Singapore
+65-6216-1188
vincent.conti@spglobal.com

Media Contacts

Jeff Sexton
New York
jeff.sexton@spglobal.com

Michelle James
London
michelle.james@spglobal.com

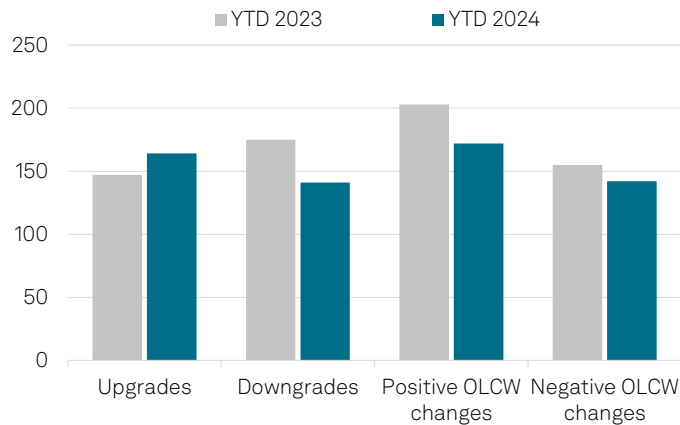
Michelle Lei
Beijing
michelle.lei@spglobal.com

Year To This Week

Chart 1

Rating actions

Year-to-date total and weekly average

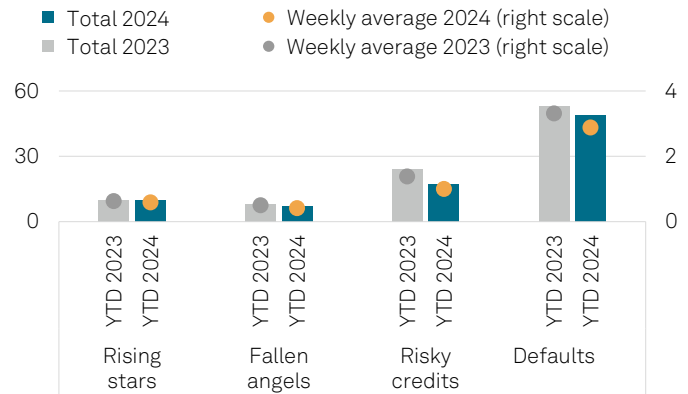


Data as of April 25, 2024 (2023 data is through April 25). YTD--Year to date. OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

Rating transitions

Year-to-date total and weekly average

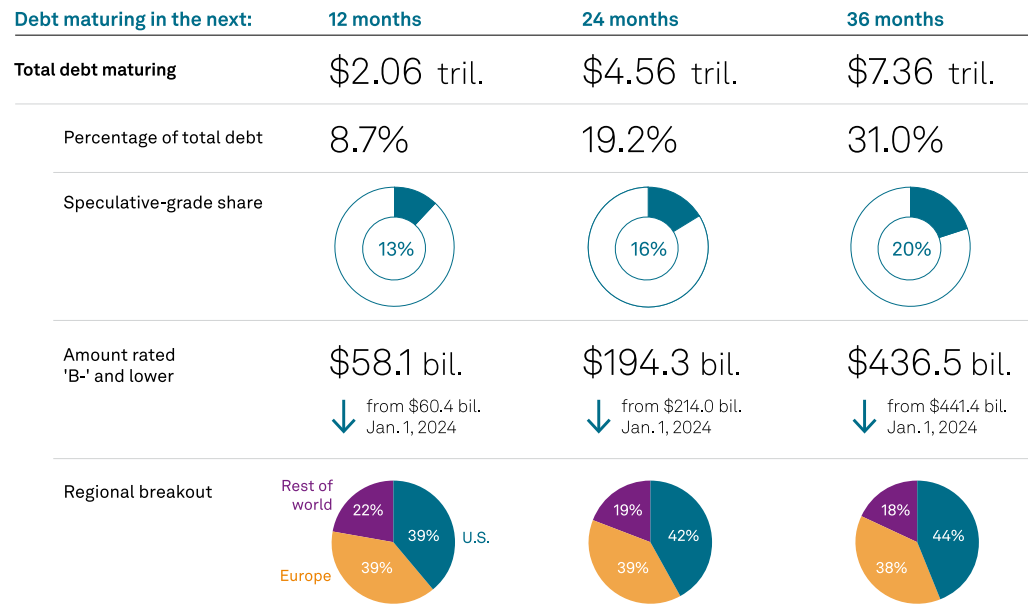


Data as of April 25, 2024 (2023 data is through April 25). YTD--Year to date. Source: S&P Global Ratings Credit Research & Insights.

Chart Of The Week

Chart 3

Refinancing demands start to moderate



This chart was first published in [“Credit Trends: Q2 2024 Global Refinancing Update: Window Of Opportunity May Be Closing,”](#) April 24, 2024. Data as of April 1, 2024. Includes financial and nonfinancial corporates' bonds, loans, and revolving credit facilities that are rated by S&P Global Ratings. Sources: S&P Global Ratings Credit Research & Insights.

Related Research

[Credit Trends: U.S. Corporate Bond Yields As Of April 24, 2024](#), April 25, 2024

[Credit Trends: Q2 2024 Global Refinancing Update: Window Of Opportunity May Be Closing](#), April 24, 2024

[CreditWeek: How Could Megatrends Influence Credit Materiality?](#), April 25, 2024

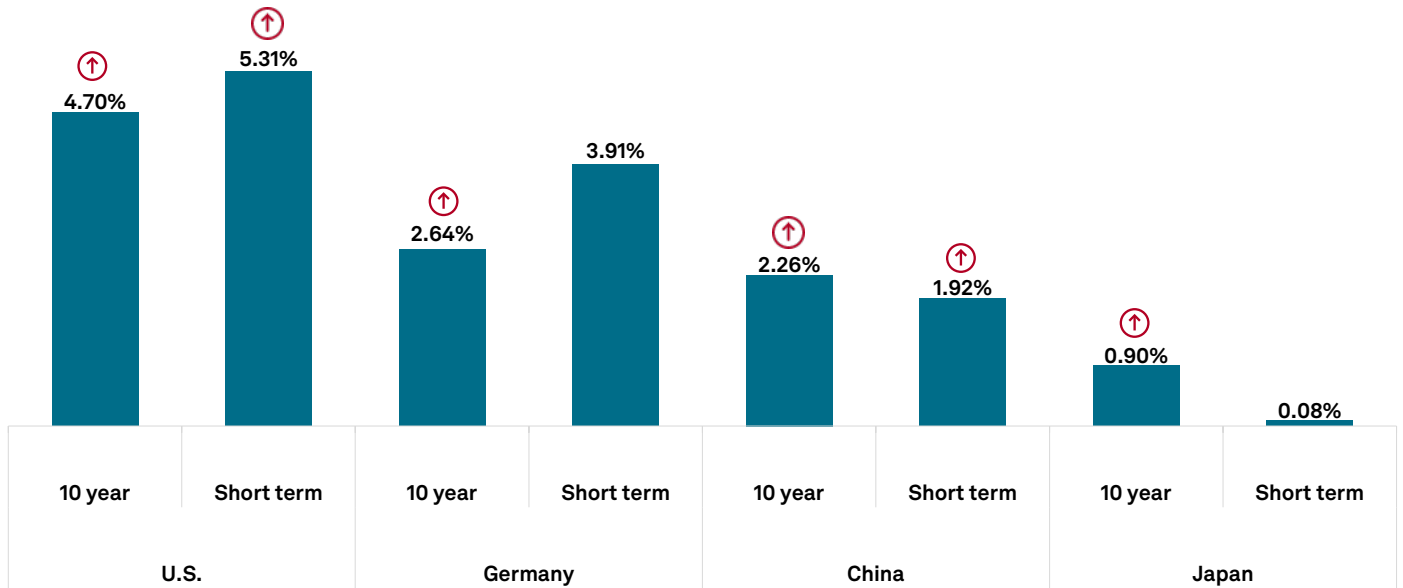
Upcoming Webinars

[Credit Estimates & Middle Market Issuer Performance](#), May 6, 2024

Credit Market Conditions

Chart 4

Benchmark yields



Data as of April 25, 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

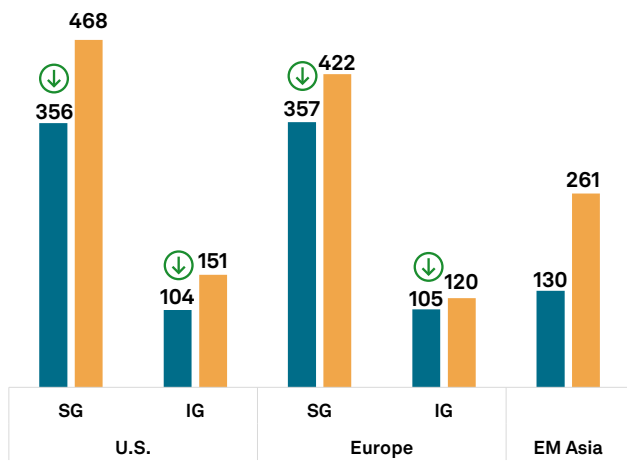
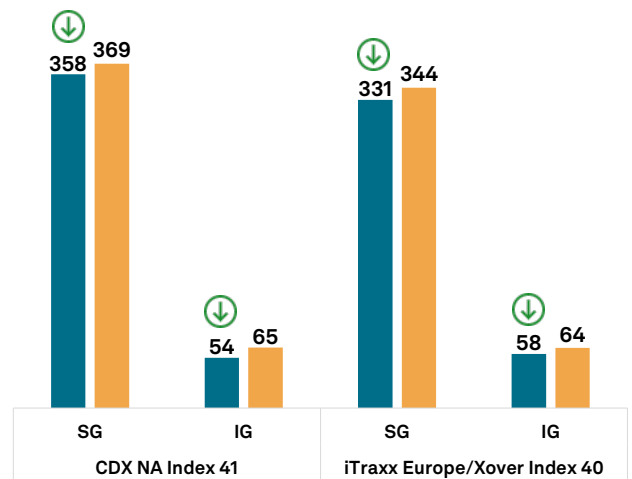


Chart 6

CDS pricing

■ CDS spreads ■ Five-year average



Data as of April 25, 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.

This Week In Credit: A Jump In Speculative-Grade Upgrades

Table 1

Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
April 25, 2024	Downgrade	Republic of Peru	Sovereign	Peru	BBB-/Stable	BBB/Negative	50,542
April 25, 2024	Downgrade	ARD Finance S.A. (ARD Securities Finance S.a.r.l.)	Chemicals, packaging, and environmental services	Luxembourg	CCC-/Negative	B-/Negative	19,923
April 23, 2024	Upgrade	FirstEnergy Corp.	Utilities	U.S.	BBB/Positive	BBB-/Positive	19,423
April 19, 2024	Downgrade	Colgate-Palmolive Co.	Consumer products	U.S.	A+/Stable	AA-/Negative	7,294
April 24, 2024	Upgrade	Air Canada (ACE Aviation Holdings Inc.)	Transportation	Canada	BB/Stable	BB-/Positive	3,832
April 25, 2024	Upgrade	GEO Group (The) Inc.	Consumer products	U.S.	B+/Stable	B/Watch Pos	3,310
April 25, 2024	Downgrade	Asplundh Tree Expert LLC	Consumer products	U.S.	BB+/Stable	BBB-/Stable	2,995
April 19, 2024	Upgrade	Republic of Benin	Sovereign	Benin	BB-/Stable	B+/Positive	2,876
April 23, 2024	Upgrade	Reynolds Consumer Products Inc.	Consumer products	U.S.	BB+/Stable	BB/Positive	2,475
April 24, 2024	Downgrade	EyeCare Partners LLC	Health care	U.S.	SD/NM	CCC/Negative	2,200

Data as of April 25, 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
April 23, 2024	City Brewing Company LLC (Blue Ribbon Holdings LLC)	U.S.	Consumer products	SD	CCC	Distressed exchange
April 24, 2024	EyeCare Partners LLC	U.S.	Health care	SD	CCC	Distressed exchange
April 25, 2024	Confidential	Confidential	Homebuilders/real estate co.	SD	CCC+	Confidential

Data as of April 25, 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.

Research Contributors

Suresh Kasa
Mumbai

Amol Nakashe
Mumbai

Deegant Pandya
New York

Bushra Dawawala
Mumbai

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](#)."

This Week In Credit: A Jump In Speculative-Grade Upgrades

Copyright © 2024 by S&P Global Ratings Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Ratings Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its websites, www.spglobal.com/ratings (free of charge) and www.ratingsdirect.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/ratings/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of S&P Global Ratings Financial Services LLC.