

This Week In Credit

Rating Activity Turned Net Negative

This report does not constitute a rating action.

May 6, 2024

Key Takeaways

- Rating activity turned net negative last week with the highest number of downgrades year-to-date. Most downgrades were on speculative-grade issuers and four of them added to the tally of risky credits.
- Four defaults last week brought this year's total to 55, just below 58 in the comparable period last year. Distressed exchanges were once again the main driver of defaults.
- There was one new fallen angel, Intercorp Financial Services Inc., a Peruvian financial institution whose downgrade followed that of the sovereign.
- In contrast, it was a positive week for credit pricing as bond and CDS spreads tightened across the board, while benchmark yields—with the exception of China—decreased or were unchanged from the previous week.

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
8 ↘	19 ↗	14 ↗	8 ↗	0 ■	1 ■	4 ↗	4 ↗

Industries most at risk			U.S. distress ratio
Net outlook bias	Potential fallen angels	Weakest links	
-17.6% Homebuilders/real estate co. ↘	8 Homebuilders/real estate co. ■	42 Consumer products ↘	5.7% ↗

Ratings at a glance					
North America		Europe		Asia-Pacific	
Net outlook bias	-9.9% ↘	Net outlook bias	-6.5 ↗	Net outlook bias	-3.1% ↘
Potential fallen angels ratio	3.8% ■	Potential fallen angels ratio	3.8% ↗	Potential fallen angels ratio	1.0% ■
Weakest links ratio	14.8% ↗	Weakest links ratio	9.4% ↗	Weakest links ratio	3.5% ■

Data as of May 2, 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.

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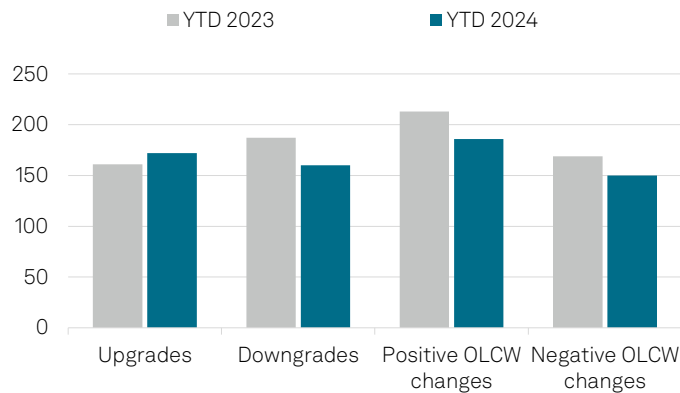
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Year To This Week

Chart 1

Rating actions

Year-to-date total and weekly average

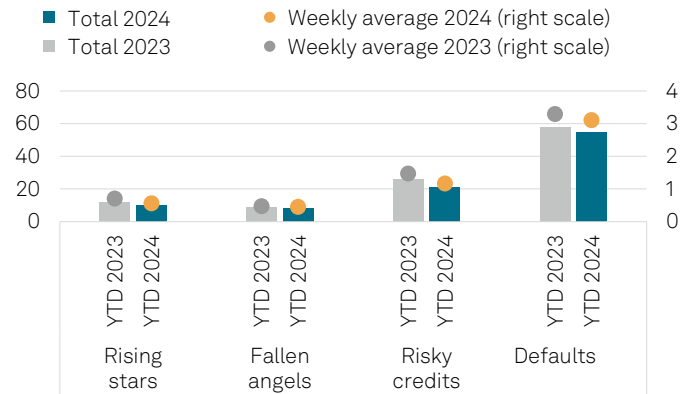


Data as of May 2, 2024 (2023 data is through May 2). YTD--Year to date. OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

Rating transitions

Year-to-date total and weekly average

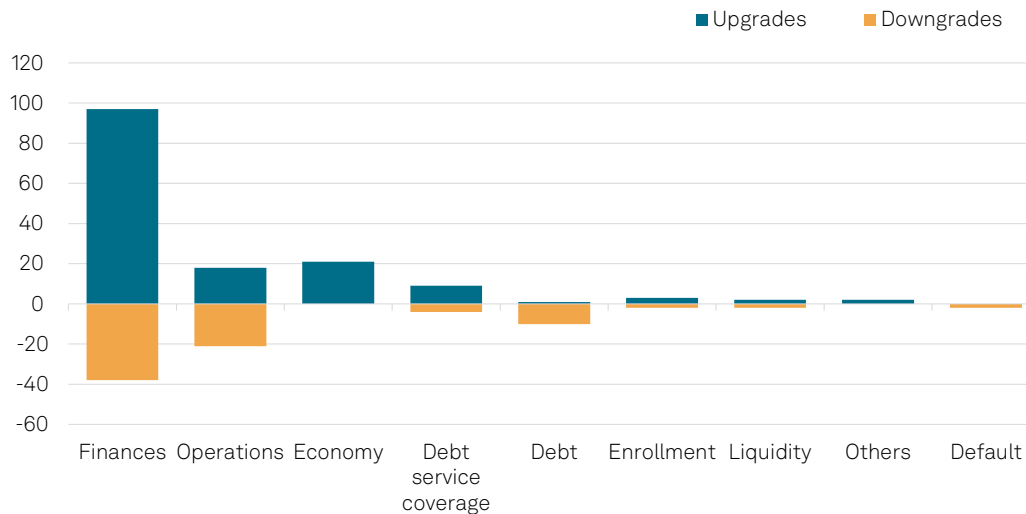


Data as of May 2, 2024 (2023 data is through May 2). YTD--Year to date. Source: S&P Global Ratings Credit Research & Insights.

Chart Of The Week

Chart 3

Main causes of USPF rating actions (Q1 2024)



This chart was first published in "U.S. Public Finance Credit Quality Makes Smallest Gain Since 2021." April 30, 2024. Data as of March 31, 2024. Note: Downgrades exclude defaults. USPF--U.S. public finance. Q--Quarter. Source: S&P Global Ratings Credit Research & Insights.

Related Research

[Credit Trends: U.S. Corporate Bond Yields As Of May 1, 2024](#), May 2, 2024

[Investment-Grade Credit Check: Pressure Points](#), May 1, 2024

[Global Credit Markets Update Q2 2024: Encouraging Signs Amid The Unease](#), April 30, 2024

[Credit Trends: U.S. Public Finance Credit Quality Makes Smallest Gain Since 2021](#), April 30, 2024

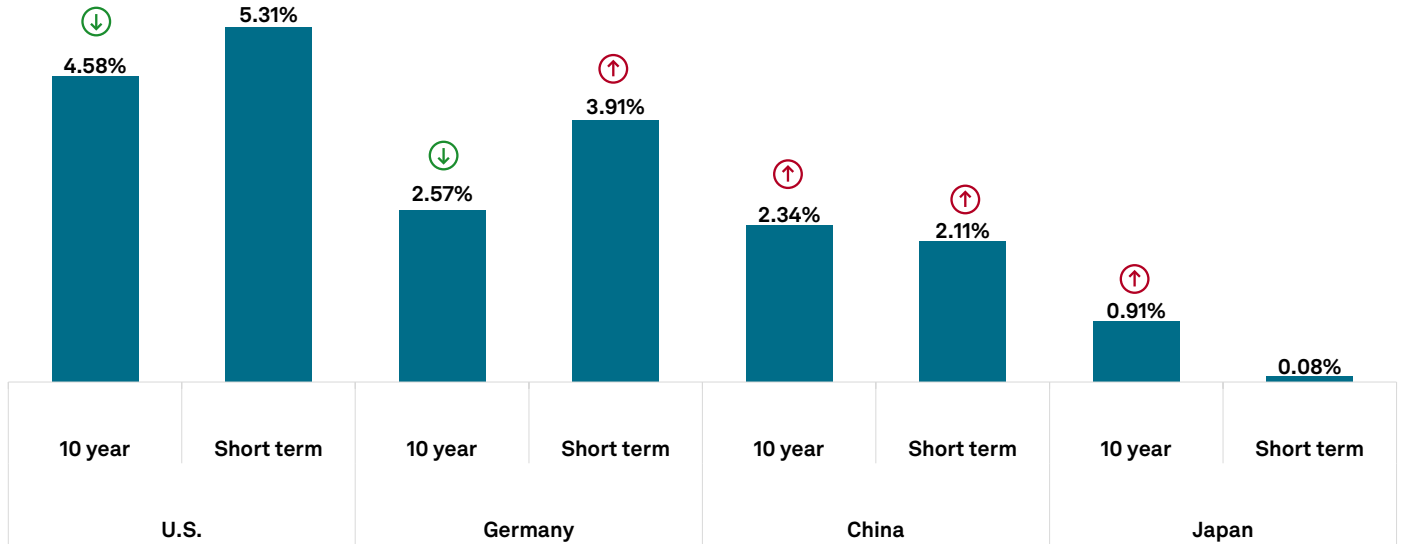
Upcoming Webinars

[Monthly Asia-Pacific Credit Focus](#), May 7, 2024

Credit Market Conditions

Chart 4

Benchmark yields

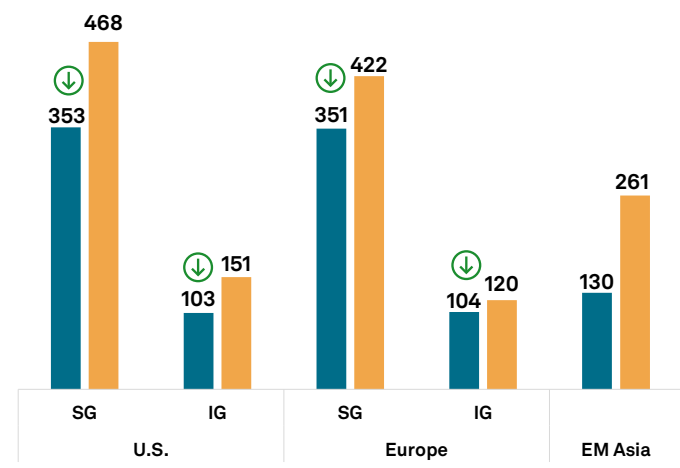


Data as of May 2, 2024. DR007 as of April 30, 2024. Source: S&P Global Ratings Credit Research & Insights, Refinitiv, ICE Data Indices, Federal Reserve Bank of St. Louis. Economics & Country Risk from IHS Markit. Short-term rates: U.S., SOFR; Germany, euro short-term rate; China, DR007; and Japan, uncollateralized overnight call rate.

Chart 5

Secondary market credit spreads

■ Spread (basis points) ■ Five-year average

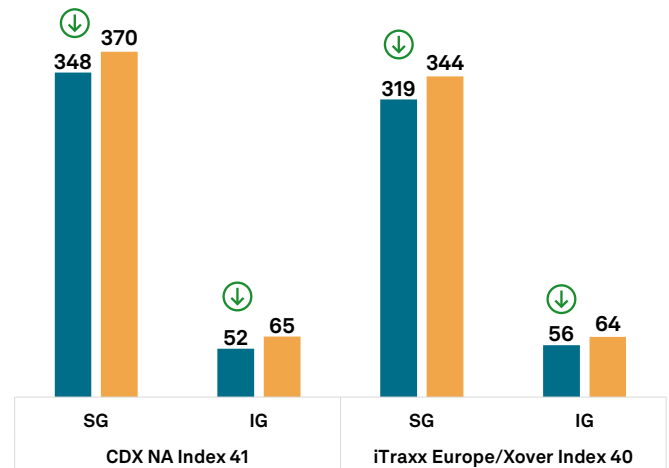


Data as of May 2, 2024. The arrows indicate weekly trends. Sources: S&P Global Ratings Credit Research & Insights, ICE Data Indices LLC, ICE BofA Euro High-Yield Index Option-Adjusted Spread, retrieved from the Federal Reserve Bank of St. Louis, S&P Global Market Intelligence.

Chart 6

CDS pricing

■ CDS spreads ■ Five-year average



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Table 1

Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
May 2, 2024	Upgrade	Southern Co.	Utilities	U.S.	A-/Stable	BBB+/Positive	56,247
April 26, 2024	Upgrade	Schneider Electric S.E.	Capital goods	France	A/Stable	A-/Stable	12,292
April 30, 2024	Upgrade	NVIDIA Corp.	High technology	U.S.	AA-/Stable	A+/Stable	9,750
April 29, 2024	Upgrade	CITIC Group Corp.	Financial institutions	China	A-/Stable	BBB+/Positive	6,320
April 26, 2024	Downgrade	Credicorp Ltd.	Financial institutions	Bermuda	BBB-/Stable	BBB/Negative	4,031
April 29, 2024	Downgrade	Belfor Holdings Inc.	Consumer products	U.S.	B-/Stable	B/Stable	2,959
May 2, 2024	Downgrade	Office Properties Income Trust	Homebuilders/real estate co.	U.S.	CC/Negative	CCC/Negative	2,150
April 29, 2024	Upgrade	China Merchants Bank Co. Ltd.	Financial institutions	China	A-/Stable	BBB+/Positive	2,110
April 26, 2024	Downgrade	Garfunkelux Holdco 2 S.A.	Financial institutions	Luxembourg	B/Negative	B+/Stable	2,070
April 29, 2024	Upgrade	Doosan Bobcat Inc. (Doosan Enerbility Co., Ltd.)	Capital goods	Republic of Korea	BB+/Stable	BB/Stable	2,010

Data as of May 2, 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 29, 2024	Digital Media Solutions Inc.,	U.S.	Media and entertainment	SD	CCC	Distressed exchange
April 29, 2024	Keter Group B.V.	Netherlands	Consumer products	SD	CC	Distressed exchange
April 29, 2024	Xplore Inc.	Canada	Telecommunications	D	CCC-	Missed payments
April 29, 2024	Confidential	Confidential	Retail/restaurants	SD	CCC+	Confidential

Data as of May 2, 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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