

This Week In Credit

A Balanced Week For Rating Activity

This report does not constitute a rating action.

Sept. 23, 2024

Key Takeaways

- Rating activity was broadly neutral last week as the counts of downgrades and upgrades were equal, and outlook and CreditWatch changes were nearly even as well.
- Negative rating actions were predominantly on speculative-grade issuers while investment grade dominated among positive actions.
- There were two defaults last week, on U.S.-based plastic manufacturer Poseidon Investment Intermediate L.P. and U.K.-based telecommunications company TalkTalk Holdings Ltd. Both defaults were due to distressed exchanges.
- Risk pricing eased. Bond and CDS spreads tightened across the board, with the moves larger for speculative grade.

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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
9 ↑	9 ↑	14 ↑	12 ↑	0 ↓	0 ■	0 ■	2 ↓

Industries most at risk			U.S. distress ratio
Net outlook bias	Potential fallen angels	Weakest links	
-18.0% Chemicals, packaging, and environmental services ■	8 Utilities ■	34 Consumer products ■	4.7% ↓

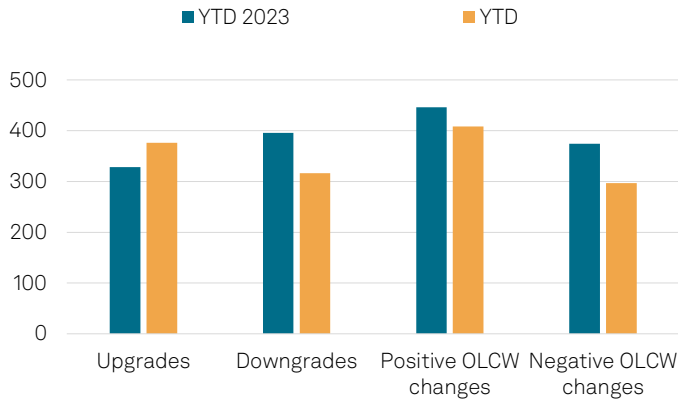
Ratings at a glance								
North America			Europe			Asia-Pacific		
Net outlook bias	-8.8%	↓	Net outlook bias	-4.0%	↓	Net outlook bias	-0.2%	↓
Potential fallen angels ratio	3.8%	↑	Potential fallen angels ratio	3.4%	↑	Potential fallen angels ratio	1.5%	■
Weakest links ratio	13.4%	■	Weakest links ratio	7.0%	↓	Weakest links ratio	5.4%	■

Data as of Sept. 19, 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. 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

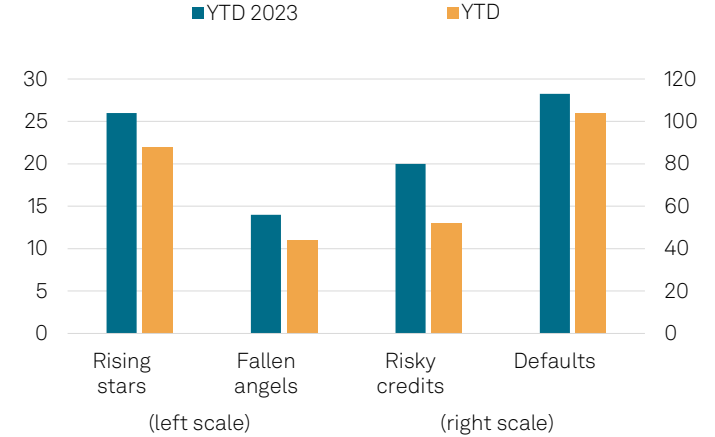
Rating actions Year-to-date total



Data as of Sept. 19, 2024 (2023 data is through Sept. 19). YTD--Year to date. OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

Rating transitions Year-to-date total

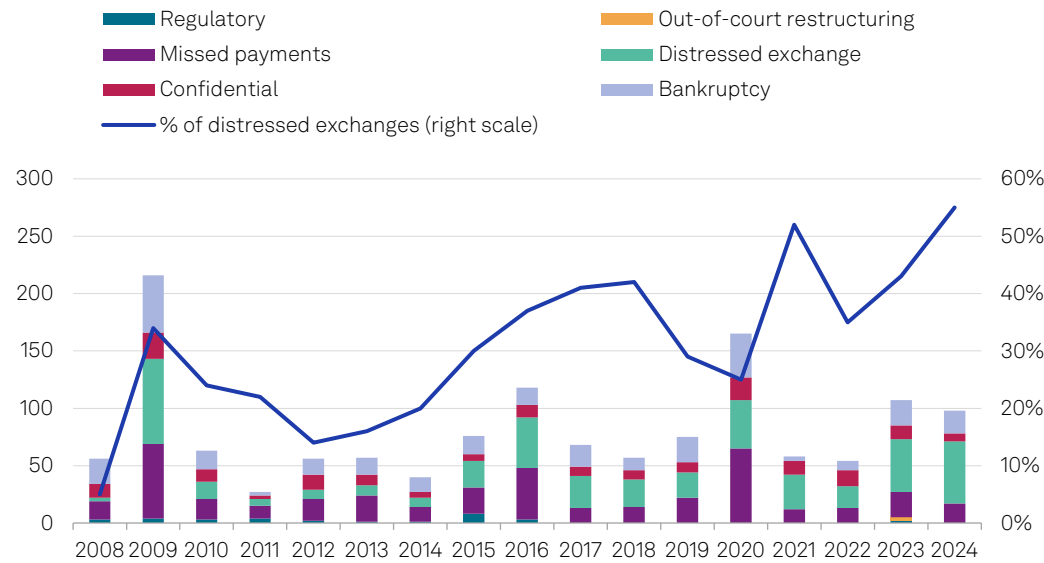


Data as of Sept. 19, 2024 (2023 data is through Sept. 19). YTD--Year to date. Source: S&P Global Ratings Credit Research & Insights.

Chart Of The Week

Chart 3

Distressed exchanges are at their highest since 2009 Reasons for year-to-date defaults



This chart was first published in "[Monthly Defaulted Debt More Than Doubled To \\$14.9 Billion In August](#)," on September 13, 2024. Data as of Aug. 31, 2024. Data has been updated to reflect confidential issuers. Sources: S&P Global Ratings Credit Research & Insights.

Related Research

[Credit Trends: U.S. Corporate Bond Yields As Of September 18, 2024](#), September 19, 2024

[CreditWeek: How Are Changing Political Priorities Affecting Climate Transition Risk?](#), September 19, 2024

[Default, Transition, and Recovery: Monthly Defaulted Debt More Than Doubled To \\$14.9 Billion In August](#), September 13, 2024

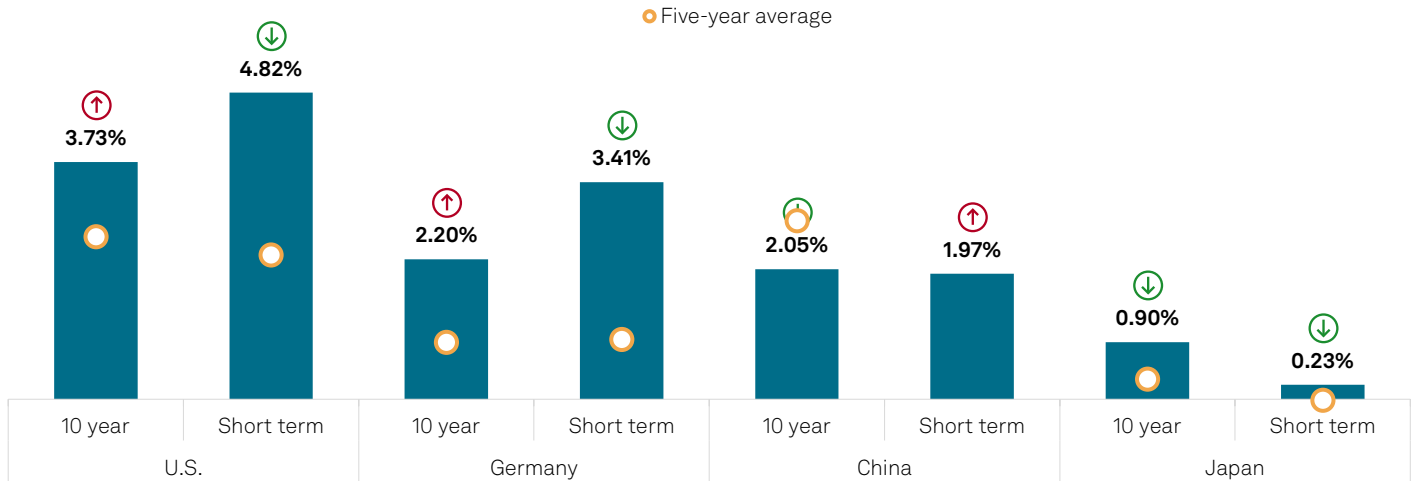
Upcoming Webinars

[North American Leveraged Finance Leadership Series](#), September 24, 2024

Credit Market Conditions

Chart 4

Benchmark yields



Data as of Sept. 19, 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

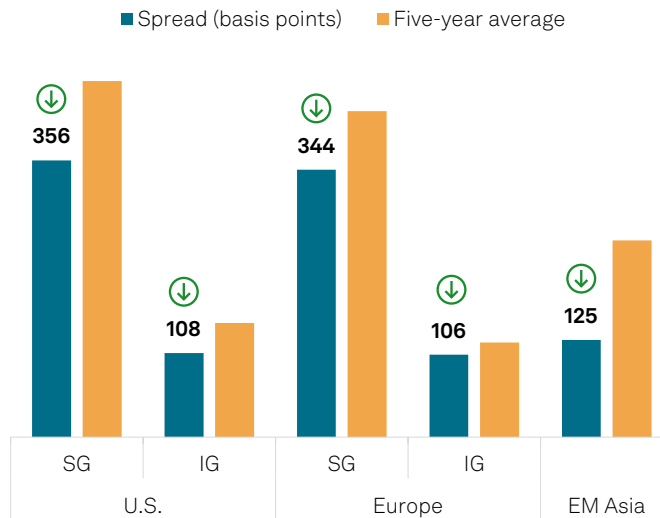
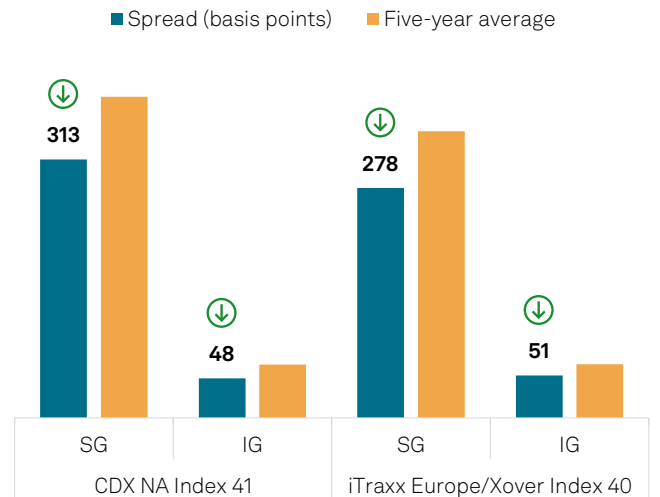


Chart 6

CDS pricing



Data as of Sept. 19, 2024. The arrows indicate weekly trends. SG--Speculative-grade. IG--Investment-grade. EM--Emerging market. 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. \$)
Sept. 13, 2024	Upgrade	Croatia	Sovereign	Croatia	A-/Positive	BBB+/Positive	15,986
Sept. 19, 2024	Upgrade	Diamondback Energy Inc	Oil and gas	U.S.	BBB/Stable	BBB-/Watch Pos	14,965
Sept. 17, 2024	Upgrade	Navient Corp.	Financial institutions	U.S.	BB/Stable	BB-/Stable	6,277
Sept. 17, 2024	Downgrade	Peraton Corp.	Aerospace and defense	U.S.	B-/Stable	B/Negative	6,226
Sept. 13, 2024	Downgrade	Service Properties Trust	Homebuilders/real estate co.	U.S.	B/Negative	B+/Stable	5,425
Sept. 16, 2024	Downgrade	SL Green Realty Corp.	Homebuilders/real estate co.	U.S.	BB/Negative	BB+/Negative	5,100
Sept. 18, 2024	Upgrade	Coty Inc.	Consumer products	U.S.	BB+/Stable	BB/Positive	4,319
Sept. 18, 2024	Downgrade	The E.W. Scripps Company	Media and entertainment	U.S.	B-/Negative	B/Negative	3,111
Sept. 16, 2024	Upgrade	Talen Energy Supply LLC	Utilities	U.S.	BB-/Stable	B+/Positive	2,540
Sept. 15, 2024	Upgrade	Meituan	Consumer products	Cayman Islands	BBB+/Stable	BBB/Positive	2,000

Data as of Sept. 19, 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. SD--Selective default. D--Default.

Source: S&P Global Ratings Credit Research & Insights.

Table 2

Last week's defaults

Date	Parent company	Country/market	Subsector	To	From	Reason
Sept. 16, 2024	Poseidon Investment Intermediate L.P.	U.S.	Chemicals, packaging and environmental services	SD	CCC+	Distressed exchange
Sept. 19, 2024	TalkTalk Holdings Ltd.	U.K.	Telecommunications	D	CC	Distressed exchange

Data as of Sept. 19, 2024. Excludes local currency defaults. Preliminary data. SD--Selective default. D--Default.

Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

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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 in the 'CCC' rating category.

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.

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

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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