

# This Week In Credit

## Twice As Many Downgrades Than Upgrades

This report does not constitute a rating action.

Oct. 21, 2024

### Key Takeaways

- Downgrades increased by two last week to double the number of upgrades, which was unchanged. Negative outlooks and CreditWatch revisions also outnumbered positive ones by two.
- All eight downgrades occurred in North America and included three office REITs, one of which (Piedmont Office Realty Trust Inc.) was the only new fallen angel for the week.
- There was also one new rising star, Apache Corp. (APA Corp.).
- There were four defaults, including a confidential issuer. The three public defaults were from three different sectors, with two U.S.-based issuers. Furthermore, two of the public defaults were because of distressed exchange.

### Contacts

**Erik Wisentaner**  
London  
erik.wisentaner@spglobal.com

**Patrick Drury Byrne**  
Dublin  
patrick.drurybyrne@spglobal.com

**Vincent Conti**  
Singapore  
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










### 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
4 	8 	7 	9 	1 	1 	0 	4 

Industries most at risk			U.S. distress ratio
<b>Net outlook bias</b> Chemicals, packaging, and environmental services <b>-18.2%</b> 	<b>Potential fallen angels</b> 7 Utilities 	<b>Weakest links</b> 36 Consumer products 	<b>3.9%</b> 

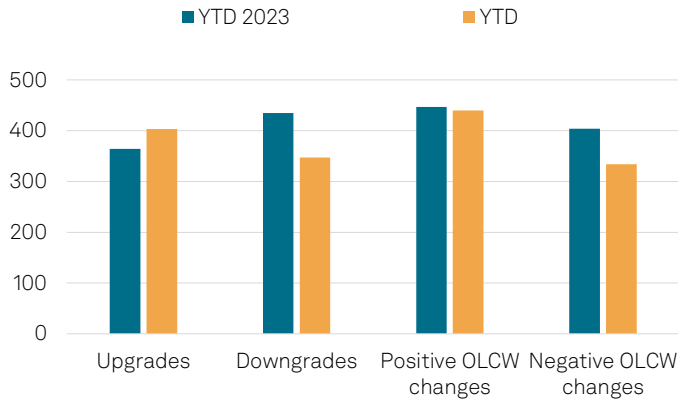
Ratings at a glance					
North America		Europe		Asia-Pacific	
Net outlook bias	<b>-8.7%</b> 	Net outlook bias	<b>-4.2%</b> 	Net outlook bias	<b>0.0%</b> 
Potential fallen angels ratio	<b>3.6%</b> 	Potential fallen angels ratio	<b>3.1%</b> 	Potential fallen angels ratio	<b>2.0%</b> 
Weakest links ratio	<b>12.9%</b> 	Weakest links ratio	<b>7.0%</b> 	Weakest links ratio	<b>5.4%</b> 

Data as of Oct. 17, 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

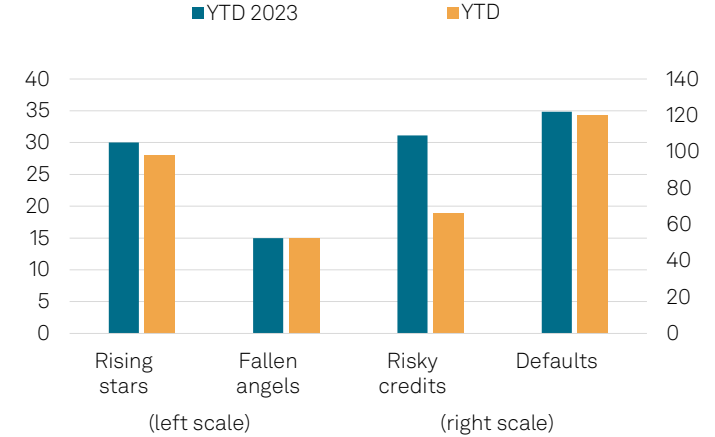
### Rating actions Year-to-date total



Data as of Oct. 17, 2024 (2023 data is through Oct. 12). YTD--Year to date. OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

### Rating transitions Year-to-date total

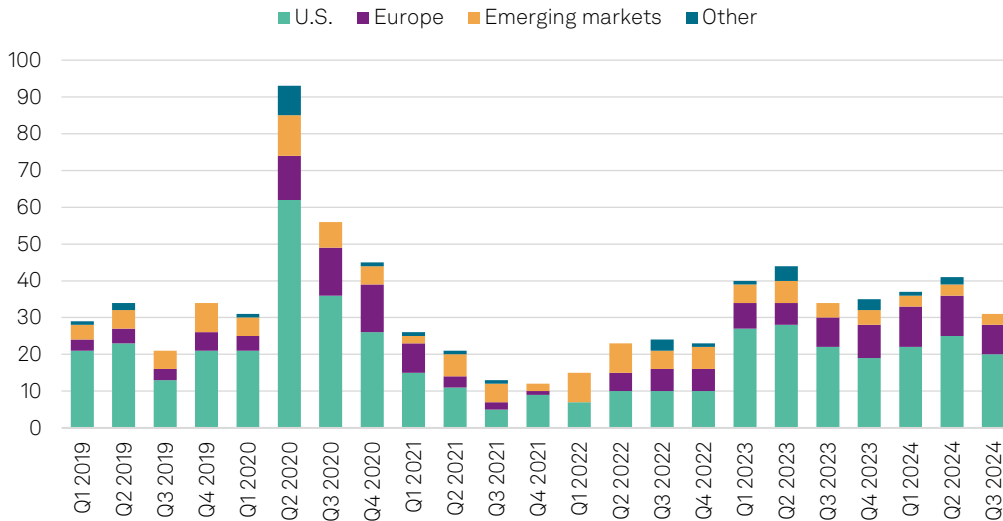


Data as of Oct. 17, 2024 (2023 data is through Oct. 12). YTD--Year to date. Due to a calculation correction, we revised the number of risky credits. Source: S&P Global Ratings Credit Research & Insights.

## Chart Of The Week

Chart 3

### Quarterly defaults have reached their lowest level in two years Quarterly defaults by region



This chart was first published in “[Default, Transition, and Recovery: The Pace Of Global Corporate Defaults Slows](#)” on Oct. 16, 2024. Data as of Sept. 30, 2024. Data has been updated to reflect confidential issuers. Q--Quarter. Source: S&P Global Ratings Credit Research & Insights.

## Related Research

[Credit Trends: U.S. Corporate Bond Yields As Of Oct. 16, 2024](#), Oct. 17, 2024

[Credit Trends: Floating-Rate Debt Is Still A Cause For Concern Despite Rate Reductions](#), Oct. 17, 2024

[Default, Transition, and Recovery: The Pace Of Global Corporate Defaults Slows](#), Oct. 16, 2024

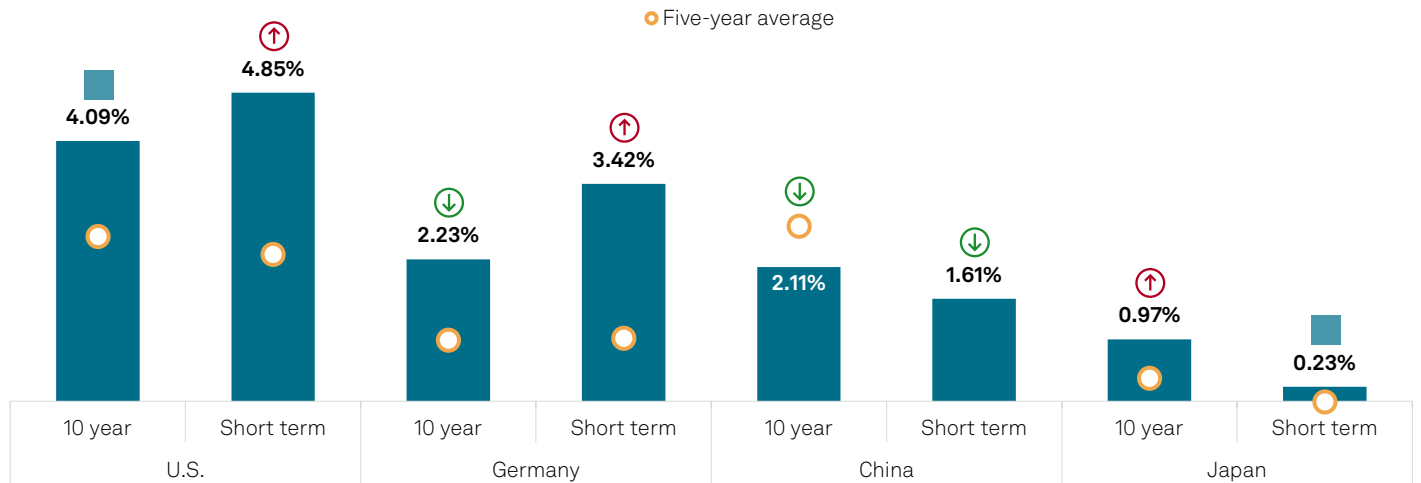
## Upcoming Webinars

[Climate Change: Implications For Primary Insurers' Credit Ratings - AMER/EMEA Session](#), Oct. 23, 2024

## Credit Market Conditions

Chart 4

### Benchmark yields



Data as of Oct. 17, 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

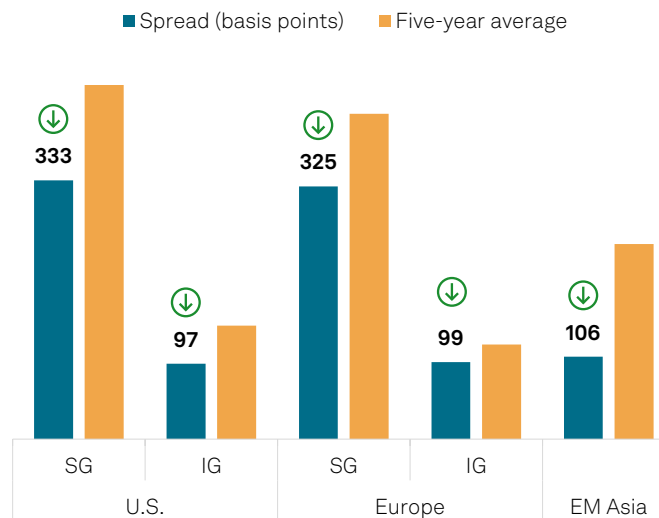
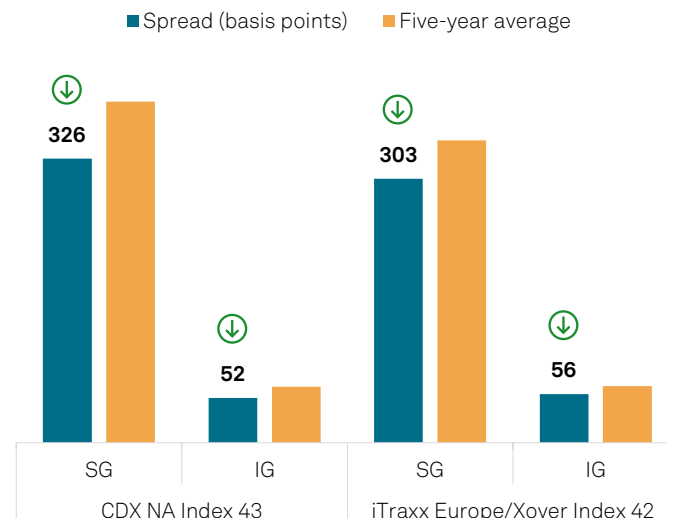


Chart 6

### CDS pricing



Data as of Oct. 17, 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.

## This Week In Credit: Twice As Many Downgrades Than Upgrades

Table 1

### Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
Oct. 15, 2024	Downgrade	Toronto-Dominion Bank (The)	Financial institutions	Canada	A+/Stable	AA-/Negative	107,628
Oct. 15, 2024	Upgrade	Apache Corp. (APA Corp.)	Oil and gas	U.S.	BBB-/Stable	BB+/Positive	9,430
Oct. 14, 2024	Downgrade	Kilroy Realty Corp.	Homebuilders/real estate co.	U.S.	BBB-/Stable	BBB/Negative	3,400
Oct. 17, 2024	Downgrade	CMG Media Corp. (CMG Holdings Inc.)	Media and entertainment	U.S.	CC/Negative	CCC+/Negative	3,169
Oct. 15, 2024	Downgrade	Creative Planning Holdco LLC	Financial institutions	U.S.	BB-/Stable	BB/Stable	2,850
Oct. 14, 2024	Downgrade	Highwoods Properties Inc.	Homebuilders/real estate co.	U.S.	BBB-/Stable	BBB/Negative	2,150
Oct. 17, 2024	Downgrade	Piedmont Office Realty Trust Inc.	Homebuilders/real estate co.	U.S.	BB+/Stable	BBB-/Negative	1,600
Oct. 17, 2024	Downgrade	Packers Holdings LLC	Consumer products	U.S.	CCC-/Negative	CCC/Negative	1,240
Oct. 16, 2024	Upgrade	Gerdau S.A. (Metalurgica Gerdau S.A.)	Metals, mining, and steel	Brazil	BBB/Stable	BBB-/Positive	1,150
Oct. 14, 2024	Downgrade	Reception Purchaser LLC	Transportation	U.S.	D/NM	B-/Negative	795

Data as of Oct. 17, 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
Oct. 14, 2024	Reception Purchaser LLC	U.S.	Transportation	D	B-	Distressed exchange
Oct. 14, 2024	WellPath Holdings Inc.	U.S.	Health care	D	CCC	Missed payments
Oct. 15, 2024	Sprint HoldCo B.V.	Netherlands	Media and entertainment	SD	CCC-	Distressed exchange
Oct. 17, 2024	Confidential	Confidential	Media and entertainment	D	CC	Confidential

Data as of Oct. 17, 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®.

## 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 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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