

The Ratings View

October 30, 2024

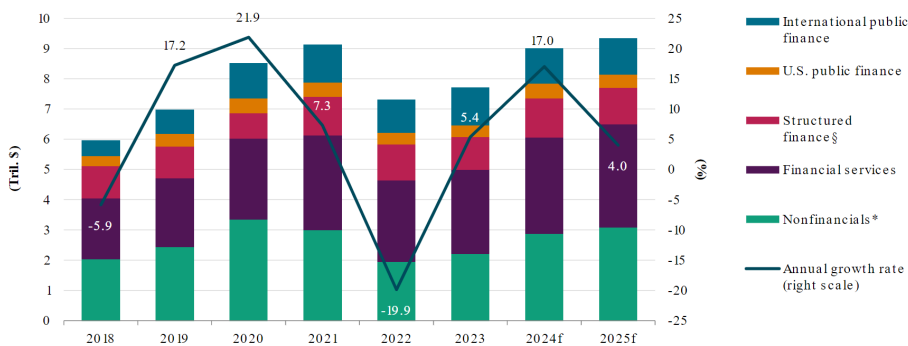
This report does not constitute a rating action.

Key Takeaways

- We expect global bond issuance to grow 17% this year, moderating to 4% in 2025.
- We assess the future impact of five megatrends on North American corporate ratings.
- Emerging markets are likely to drive global economic growth over the next decade.

We raised our global bond issuance growth forecast for the year to 17%, considering robust issuance through the third quarter and recent momentum being likely to continue through year-end. We expect more moderate issuance growth of 4% for 2025, since we expect high 2024 totals, slowing economic growth in 2025, and more modest interest rate declines than recent market expectations indicate. That said, we see potential upside to our 2025 forecast from higher investment in AI, growth in mergers and acquisitions, or stimulative measures outside the U.S. and Europe. This year's issuance surge has helped borrowers make material progress refinancing upcoming corporate debt: 2025 maturities for speculative-grade nonfinancial corporate entities are down 41% since the beginning of this year, with 2026 and 2027 maturities also reduced.

Historical global issuance and forecast



f--Full-year forecast. *Includes infrastructure. §Excludes transactions that were fully retained by the originator, domestically rated Chinese issuance, and resets and refinancings of collateralized loan obligations. Sources: Dealogic, Refinitiv, and S&P Global Ratings Credit Research & Insights. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

[Global Financing Conditions: Blockbuster Growth In 2024 With Tailwinds Heading Into 2025](#)

[Global Refinancing: Reductions In Near-Term Maturities Continue Ahead Of Further Rate Cuts](#)

S&P Global Ratings believes it is important to monitor long-dated megatrends. Such trends can transform industries and business processes in fundamental ways in the long run and create event risk in the shorter term. In a series of articles, we explore five major megatrends in North American corporate ratings: (1) growth in artificial intelligence, (2) vulnerability to cyberattacks, (3) increased adoption of blockchain and digital assets, (4) climate change (transition and physical risks), and (5) supply chain disruptions. These findings are not used directly in our base-case analysis; instead, they are helpful in identifying patterns and areas for further monitoring, investigation through scenario analysis, portfolio reviews, and other analytical methods.

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The Ratings View

Evolving risk - North America corporates

| | Impact of risk: magnitude x clarity | | | | | |
|--------------------------------------------|-------------------------------------|-----------|---------------------------------|-------------------------------|--------------------------------|--------------|
| | Artificial intelligence | Cyber | Climate change: transition risk | Climate change: physical risk | Block chain and digital assets | Supply chain |
| Aerospace and defense | Neutral | Some risk | Some risk | Neutral | Neutral | Some risk |
| Agribusiness | Neutral | Some risk | Some risk | Some risk | Neutral | Some risk |
| Autos | Neutral | Some risk | Some risk | Neutral | Neutral | Some risk |
| Business and technology services | Neutral | Some risk | Neutral | Neutral | Neutral | Neutral |
| Capital goods | Neutral | Some risk | Neutral | Neutral | Neutral | Some risk |
| Chemicals | Neutral | Some risk | Some risk | Some risk | Neutral | Neutral |
| Consumer products | Neutral | Some risk | Neutral | Neutral | Neutral | More risk |
| Health care | Neutral | More risk | Neutral | Some risk | Neutral | Some risk |
| Hotels, gaming and leisure | Neutral | Some risk | Neutral | Some risk | Neutral | Neutral |
| Media and entertainment | Some risk | Some risk | Neutral | Neutral | Neutral | Neutral |
| Metals and mining | Neutral | Neutral | More risk | Some risk | Neutral | Neutral |
| Oil and gas | Neutral | Some risk | More risk | Some risk | Neutral | Neutral |
| REITs, homebuilders and building materials | Neutral | Neutral | Some risk | Some risk | Neutral | Neutral |
| Retail and restaurants | Neutral | More risk | Neutral | Neutral | Neutral | More risk |
| Technology | Neutral | Some risk | Neutral | Neutral | Neutral | More risk |
| Telecommunications and cable | Neutral | More risk | Neutral | Neutral | Neutral | Neutral |
| Transportation cyclical | Neutral | Some risk | Some risk | Some risk | Neutral | Some risk |
| Unregulated power | Neutral | Some risk | Some risk | Some risk | Neutral | Neutral |
| Utilities | Neutral | Some risk | Some risk | More risk | Neutral | Neutral |

Source: S&P Global Ratings.

[Evolving Risks In North American Corporate Ratings: An Overview](#)

[Evolving Risks In North American Corporate Ratings: Supply Chain Disruption](#)

[Evolving Risks In North American Corporate Ratings: AI, Cyberattacks, And Blockchain](#)

[Evolving Risks In North American Corporate Ratings: Climate Change](#)

Emerging markets will play a crucial role in shaping the global economy, contributing about 65% of global economic growth by 2035, with nine key emerging markets ranking among the 20 largest economies. In the coming decade, supportive demographics and technological developments could boost emerging markets' productivity and, consequently, economic growth. Furthermore, the energy transition and supply chain relocation will give these economies opportunities to leverage their abundant natural resources, ample work force and manufacturing capabilities. Despite these opportunities, emerging markets will traverse an evolving geopolitical environment marked by unresolved conflicts and other persistent disruptions, adding complexity to emerging markets' growth prospects. Despite their vast potential, per capita income will remain well below that of advanced economies.

[Emerging Markets: A Decisive Decade](#)

Maturity extensions and transitions from cash pay to payment in kind (PIK) were the most recurring drivers for publicly rated companies downgraded to 'SD' (selective default) since the start of 2022. When rerating issuers downgraded to 'SD', we raised about 85% of the ratings to the 'CCC' ratings category. About 27% of rerated issuers experienced a second default or selective default. Companies in the media, entertainment, and leisure sector and the health care sector drove over 37% of these selective defaults since the start of 2022.

[Distressed Exchanges Underpin Rise In North American Selective Defaults](#)

Asset Class Highlights

Corporates

Notable publications include:

- [Evolving Risks In North American Corporate Ratings: An Overview](#)
- [Evolving Risks In North American Corporate Ratings: Artificial Intelligence, Cyberattacks, And Blockchain](#)
- [Evolving Risk In North American Corporate Ratings: Climate Change](#)
- [Evolving Risks In North American Corporate Ratings: Supply Chain Disruption](#)
- [French Developers Are Navigating The Storm As Spanish Sail Ahead](#)
- [Distressed Exchanges Underpin Rise In North American Selective Defaults](#)
- [EV Makers To Bet \\$20 Billion On South And Southeast Asia](#)
- [Investment-Grade Credit Check: Downgrade Lull](#)
- [Credit Trends: Global Financing Conditions: Blockbuster Growth In 2024 With Tailwinds Heading Into 2025](#)
- [Credit Trends: Global Refinancing: Reductions In Near-Term Maturities Continue Ahead Of Further Rate Cuts](#)

We took several rating actions:

- [Research Update: Kering S.A. Downgraded To 'BBB+' On Weaker-Than-Expected Credit Metrics After Revised Profit Guidance; Outlook Stable](#)
- [Research Update: Royal Caribbean Cruises Ltd. Outlook Revised To Positive On Expected Improvements In 2025](#)
- [Research Update: Alfa Debt Rating Raised To 'BBB-', All Ratings Put On CreditWatch Positive On Nearing Completion Of Corporate Overhaul](#)
- [Research Update: Falabella S.A. Outlook Revised To Stable From Negative On Operating Performance And Leverage; 'BB+' Rating Affirmed](#)
- [Research Update: Sigma Alimentos 'BBB-' And 'mxAA+' Ratings Placed On CreditWatch Positive After Same Action On Its Parent](#)
- [Research Update: Adidas Outlook Revised To Stable On Supportive Operating Performance, Stronger Credit Metrics; 'A-/A-2' Ratings Affirmed](#)

Financial Institutions

Over the past week, we took several rating actions and published some bulletin:

- [Research Update: Regions Financial Corp. 'BBB+/A-2' And Regions Bank 'A-/A-2' Ratings Affirmed; Outlooks Remain Stable](#)
- [Research Update: Italy-Based Banco BPM Upgraded To 'BBB/A-2' On Substantial Additional Loss-Absorbing Capacity Buffers; Outlook Stable](#)
- [Three Swiss Cantonal Bank Ratings Affirmed; Outlooks Stable; Liquidity Revised To Adequate From Strong](#)

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Financial Institutions

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Structured Finance

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The Ratings View

- [Research Update: NRW.BANK And Erste Abwicklungsanstalt Outlooks Revised To Negative On Similar Action On NRW; 'AA/A-1+' Ratings Affirmed](#)
- [Ratings On Three Egyptian Banks Affirmed On Improved Operating Environment; Outlook Positive](#)
- [Outlooks On 12 Chilean Financial Institutions Revised To Stable From Negative On Operating Resilience; Ratings Affirmed](#)
- [Research Update: China Bohai Bank Outlook Revised To Stable On Improving Asset Quality; 'BBB-/A-3' Ratings Affirmed](#)
- [Research Update: Taishin FHC And Taishin Bank Ratings Remain On CreditWatch On Potential Merger Implications](#)
- [Bulletin: Court's Motor Finance Judgment Gives Some U.K. Banks Pause In A Strong Third Quarter](#)

We published several commentaries including:

- [Banking Risk Indicators: October 2024 Update](#)

Sovereign

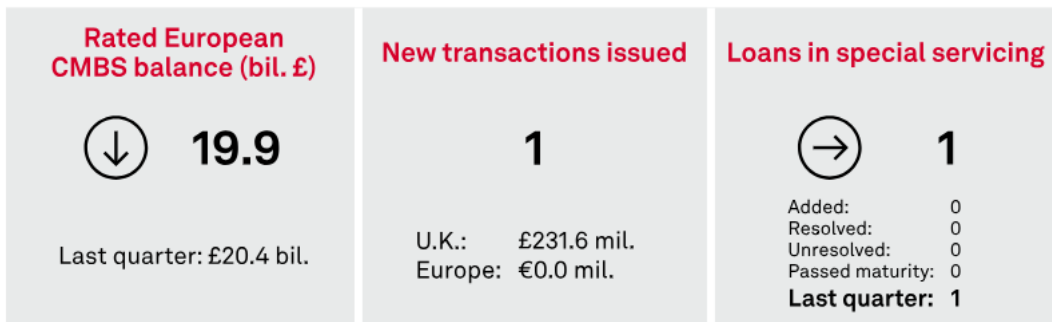
- [Research Update: Republic of Chad Assigned 'B-/B' Sovereign Ratings; Outlook Stable](#)
- [Research Update: Slovakia 'A+/A-1' Ratings Affirmed; Outlook Stable](#)
- [Research Update: Finland 'AA+/A-1+' Ratings Affirmed; Outlook Stable](#)
- [Research Update: Hungary 'BBB-/A-3' Ratings Affirmed; Outlook Stable](#)
- [Research Update: Belgium 'AA/A-1+' Ratings Affirmed; Outlook Stable](#)
- [Research Update: Sri Lanka 'SD' Foreign Currency And 'CCC+/C' Local Currency Ratings Affirmed](#)
- [Research Update: Nicaragua Long-Term Ratings Raised To 'B+' On Fiscal And External Strengthening; Outlook Stable](#)

Structured Finance

- **U.S Structured Finance:** In a recent commentary titled "[Structured Finance Exposure To Hurricanes Helene And Milton And Their Ratings Impact](#)" and published on October 22, 2024. S&P Global Ratings describes the exposures to the hurricanes and the initial ratings impact (if any) for the following structured finance asset classes:
 - Commercial mortgage-backed securities (CMBS) transactions;
 - Residential mortgage-backed securities (RMBS);
 - Auto asset-backed securities (ABS);
 - Triple-net lease;
 - Timeshare;
 - Small business; and
 - Unsecured ABS.

The Ratings View

- **EMEA RMBS and ABS:** See recent commentary titled "[EMEA RMBS And ABS Monitor Q3 2024](#)" and published on October 23, 2024.
- **European CMBS:**

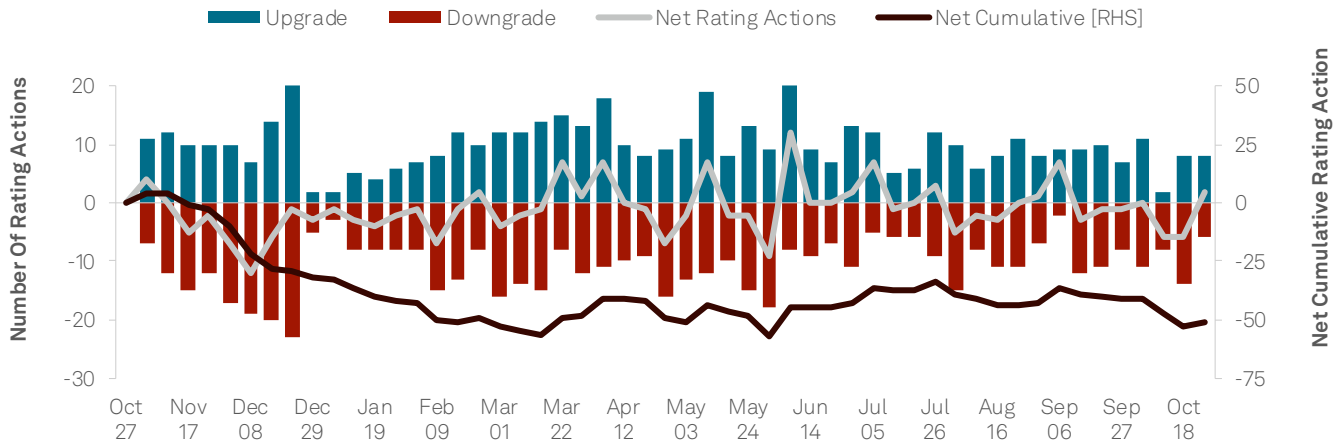


*Rated by S&P Global Ratings.

- See commentary titled "[European CMBS Monitor Q3 2024](#)" and published on October 24, 2024.
- **Dutch RMBS:** Here are a few "Key Takeaways" from a recent article:
 - Rate hikes and regulatory constraints on the Dutch rental market have not undermined the credit performance of buy-to-let (BTL) RMBS transactions that we rate.
 - In 2023, Dutch housing prices dropped as a result of lower demand, before picking up again in 2024.
 - We expect origination volumes to increase in the coming months as declining rates spur on refinancing activity and issuers diversify into new products.
 - Non-call risk remains but could decrease, as origination volumes and evolving products provide encouraging signs to originators.
 - The article is titled "[Dutch Buy-To-Let RMBS Withstand Rate Hikes And Tighter Regulations](#)" and published on October 21, 2024.
- **Mexican Structured Finance:** Mexico's challenging economic landscape has significantly impeded structured finance issuance. However, the market still has significant potential, and there are growing opportunities in several sectors. S&P Global Ratings recently held a series of meetings with several market participants, including arrangers, bankers, and investors. In the commentary titled "[Mexican Structured Finance Market Update: Spotting Opportunities Amid Economic Challenges](#)" (published on October 24, 2024), we summarize some of the key takeaways and expectations from those discussions.

The Ratings View

Chart 1
Global Rating Actions (Rolling 52-Weeks)



Source: S&P Global Ratings. Net rating actions means downgrades minus upgrades. Net cumulative means total net rating actions. Data as of Oct. 25, 2024. Global rating actions include actions on both financial and non-financial corporates and sovereign issuers.

Table 1

Recent Rating Actions

| Date | Action | Issuer | Industry | Country | To | From | Debt vol (mil. \$) |
|--------|-----------|----------------------------------------------------------|-----------------------------------------------|---------------------|------|------|--------------------|
| 22-Oct | Upgrade | Dynasty Acquisition Co. Inc. | Aerospace & defense | U.S. | BB- | B | 13,514 |
| 24-Oct | Upgrade | Banco BPM SpA | Bank | Italy | BBB | BBB- | 10,051 |
| 25-Oct | Downgrade | Consolidated Energy Ltd. | Chemicals, packaging & environmental services | Trinidad and Tobago | B | BB- | 3,144 |
| 24-Oct | Downgrade | VeriFone Systems Inc. | High technology | U.S. | CCC+ | B- | 2,175 |
| 24-Oct | Upgrade | PPF Telecom Group B.V. | Telecommunications | Czech Republic | BBB- | BB+ | 1,784 |
| 21-Oct | Downgrade | Atlantica Sustainable Infrastructure PLC | Utilities | U.K. | BB- | BB+ | 1,688 |
| 22-Oct | Upgrade | Unite Group PLC | Homebuilders/real estate co. | U.K. | BBB+ | BBB | 1,662 |
| 24-Oct | Downgrade | American Tire Distributors Inc. | Automotive | U.S. | D | CCC+ | 1,000 |
| 22-Oct | Downgrade | Auction.com Holding Co. Inc. | Media & entertainment | U.S. | CCC+ | B- | 853 |
| 22-Oct | Upgrade | Grupo Aeromexico, S.A.P.I. de C.V. | Transportation | Mexico | B+ | B | 763 |

Source: S&P Global Ratings Credit Research & Insights. Data as of Oct. 25, 2024. U.S. means United States, U.K. means United Kingdom and U.A.E. means United Arab Emirates. NBF1 - NonBank Financial Institutions (ex. Insurance)

For further credit market insights, please see our **This Week In Credit** newsletter.



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