

This Week In Credit

Two Sectors Dominate Downgrades

This report does not constitute a rating action.

Dec. 9, 2024

Key Takeaways

- The past week saw equal numbers of upgrades and downgrades, with the latter coming primarily from just two sectors: media and entertainment, and chemicals, packaging, and environmental services. Downgrades included one fallen angel, chemicals producer OCI N.V., and one new risky credit, gaming group Affinity Interactive.
- All but one of the upgrades involved speculative-grade issuers, which were split across five sectors. Those upgrades included two U.S.-based rising stars, transportation group Delta Air Lines Inc., and utility System Energy Resources Inc. (Entergy Corp).
- Last week's only default was U.S.-based capital goods issuer Congruex Group LLC, which defaulted as a result of a distressed exchange. Total defaults for the year to Dec. 5 now stand at 136.

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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
7	7	16	14	2	1	1	1

Industries most at risk			U.S. distress ratio
Net outlook bias Chemicals, packaging, and environmental services -18.6%	Potential fallen angels 6 Utilities	Weakest links 35 Consumer products	3.8%

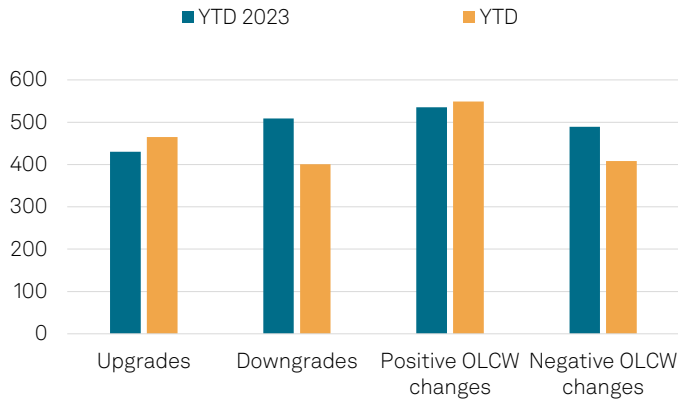
Ratings at a glance					
North America		Europe		Asia-Pacific	
Net outlook bias	-8.3%	Net outlook bias	-3.9%	Net outlook bias	-1.3%
Potential fallen angels ratio	3.4%	Potential fallen angels ratio	3.4%	Potential fallen angels ratio	2.6%
Weakest links ratio	12.1%	Weakest links ratio	7.6%	Weakest links ratio	5.5%

Data as of Dec. 5, 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

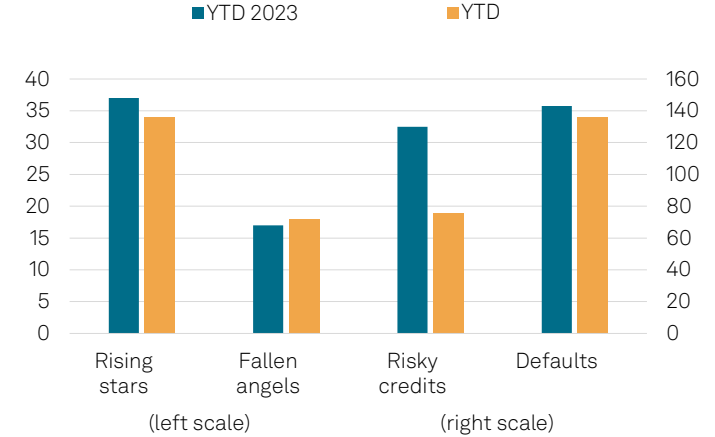
Rating actions Year-to-date total



Data as of Dec. 5, 2024 (2023 data is through Nov. 30). YTD--Year to date. OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

Rating transitions Year-to-date total

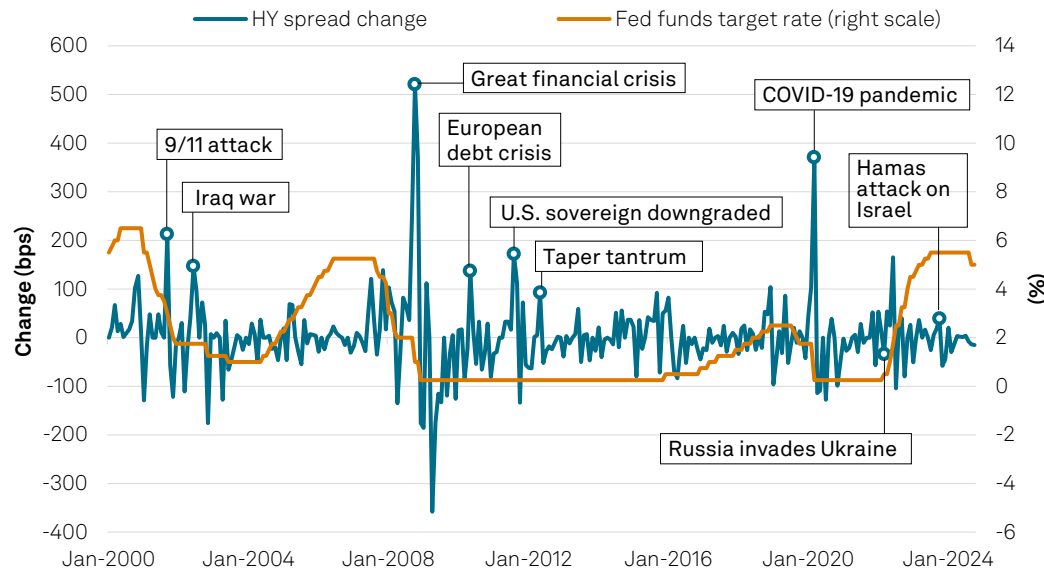


Data as of Dec. 5, 2024 (2023 data is through Nov. 30). YTD--Year to date. Source: S&P Global Ratings Credit Research & Insights.

Chart Of The Week

Chart 3

Recent geopolitical events have little affected credit markets High yield month-over-month change (bps) versus fed funds target rate



This chart was first published in "Geopolitics: How Will Markets Navigate Ongoing Geopolitical Risks?" on Dec. 4, 2024. Source: ICE BofA Option-Adjusted Spread, retrieved from Federal Reserve Bank of St. Louis. S&P Global Ratings.

Related Research

[Credit Trends: U.S. Corporate Bond Yields As Of Dec. 4, 2024](#), Dec. 5, 2024

[CreditWeek: What Are The Biggest Risks To Global Credit In 2025?](#) Dec. 5, 2024

[Global Credit Outlook 2025: Promise And Peril](#), Dec. 4, 2024

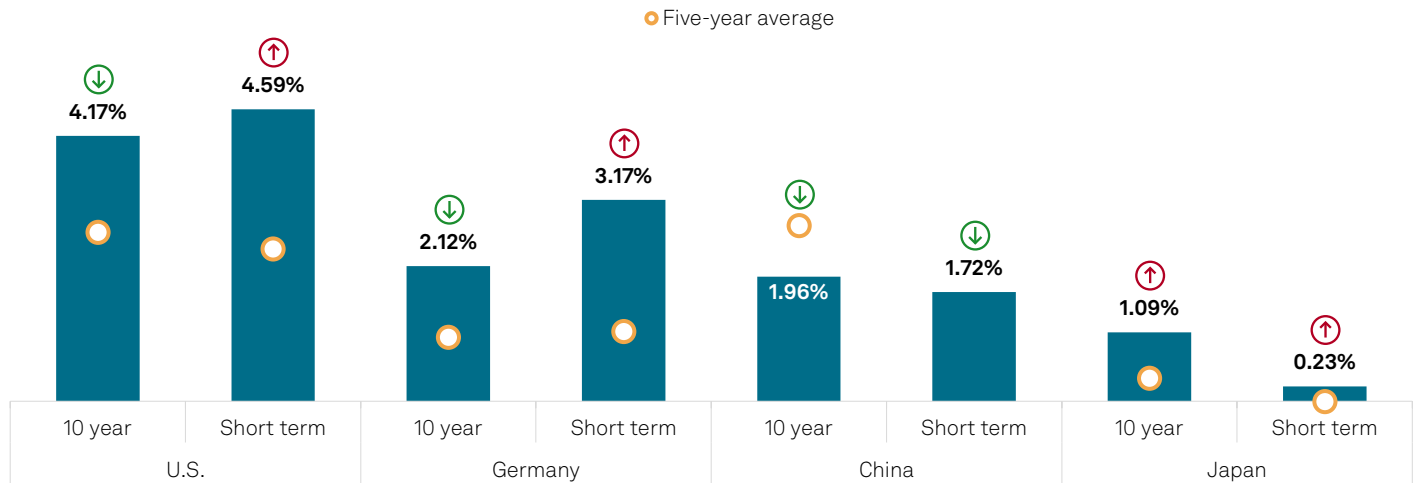
Upcoming Webinars

[The Outlook For U.K. And Irish Banks In 2025](#), Dec. 11, 2024

Credit Market Conditions

Chart 4

Benchmark yields



Data as of Dec. 5, 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

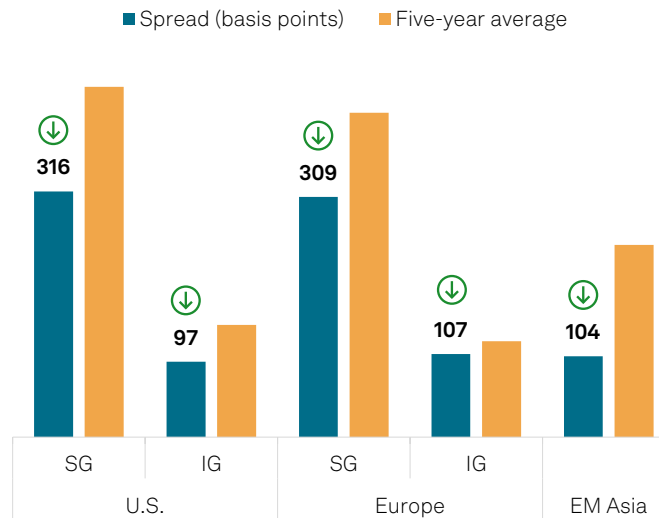
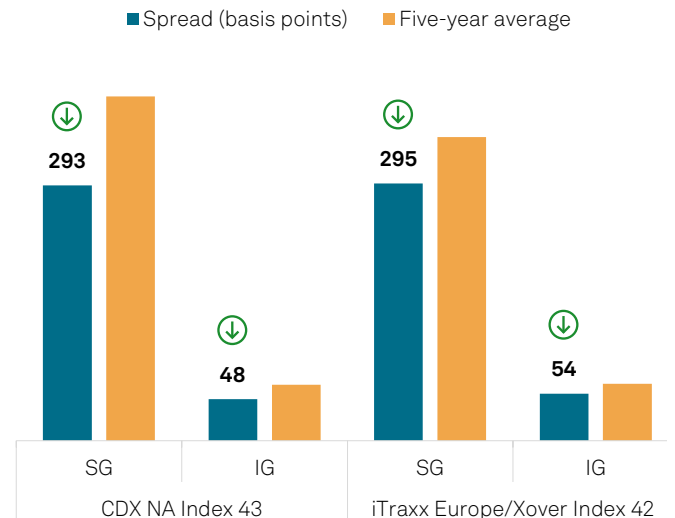


Chart 6

CDS pricing



Data as of Dec. 5, 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 Dow Jones Indices.

This Week In Credit: Defaults Up In An Otherwise Positive Week

Table 1

Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
Dec. 2, 2024	Upgrade	Walt Disney Company (The)	Media and entertainment	U.S.	A/Stable	A-/Positive	54,832
Dec. 3, 2024	Upgrade	Delta Air Lines Inc.	Transportation	U.S.	BBB-/Stable	BB+/Positive	5,850
Dec. 4, 2024	Downgrade	Sonoco Products Co.	Chemicals, packaging, and environmental services	U.S.	BBB-/Stable	BBB/Watch Neg	4,200
Nov. 29, 2024	Downgrade	OCI N.V.	Chemicals, Packaging, and environmental services	Netherlands	BB+/Watch Neg	BBB-/Watch Neg	2,262
Dec. 5, 2024	Downgrade	Hurtigruten Newco AS	Media and entertainment	Norway	CC/Negative	CCC/Negative	1,598
Dec. 3, 2024	Downgrade	Agiliti Inc.	Media and entertainment	U.S.	B-/Stable	B/Stable	1,475
Nov. 29, 2024	Upgrade	Aragvi Holding International Ltd.	Consumer products	Moldova	B/Stable	B-/Watch Pos	1,050
Dec. 2, 2024	Downgrade	Banco Nacional de Panama	Financial institutions	Panama	BBB-/Stable	BBB/Negative	1,000
Dec. 3, 2024	Downgrade	Affinity Interactive	Media and entertainment	U.S.	CCC+/Stable	B-/Stable	545
Dec. 3, 2024	Upgrade	System Energy Resources Inc. (Entergy Corp)	Utility	U.S.	BBB-/Stable	BB+/Positive	525

Data as of Dec. 5, 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
Dec. 2, 2024	Congruex Group LLC	U.S.	Capital goods	D	CCC	Distressed Exchange

Data as of Dec. 5, 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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