

January 13, 2025

This report does not constitute a rating action. Data includes financial and nonfinancial corporates and sovereigns.

2024 In Review

2024 was a positive year for rating performance trends, primarily driven by a sharp drop in negative rating activity. S&P Global Ratings Credit Research & Insights expects this positivity to extend into 2025. However, differing regional macroeconomic and monetary policy trends will likely lead to consequential divergences in ratings performance both at the sector and rating level. Speculative-grade issuers are particularly exposed to uncertainties surrounding the interest rate descent. Continued geopolitical conflicts and broader uncertainty surrounding changes in policy direction in the U.S. could also be influencing factors (see "[Global Credit Outlook 2025: Promise And Peril](#)," published Dec. 4, 2024).

[Explore the data in our interactive dashboard >](#)

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Key Takeaways

Rating actions

- Rating performance trends improved in 2024, primarily due to a sharp drop in downgrades (-21%). Meanwhile, positive outlook and CreditWatch revisions exceeded negative ones by over 35%, signaling that positive trends will likely continue into 2025. In 2024, 80% of downgrades were on speculative-grade issuers.
- Financial institutions (41) had the highest year-over-year increase in upgrades, up over 240% compared with the year prior. A large majority of these upgrades came from Europe (59%) due to good profitability, sound liquidity, and robust capitalization supported by the macroeconomic environment.
- Downgrades were most notable in the U.S., which had 8% more downgrades than upgrades, mainly due to a 27% increase in downgrades in the fourth quarter. Meanwhile, all other regions saw positive upgrade-to-downgrade ratios, with Asia-Pacific exceeding nearly 3:1.

Rating bias

- Negative bias (the percentage of issuers with negative outlooks or ratings on CreditWatch negative) declined in most regions in 2024, signaling a likely future drop in negative rating actions. However, negative bias in Asia-Pacific increased to 6.8% from 6.0%, driven by negative outlook and CreditWatch revisions on financial institutions, homebuilders, and utilities.
- The chemicals, packaging, and environmental services sector had the highest year-end negative bias at 25.1%. This was followed by the automotive sector (19.8%), which also saw the highest year-over-year increase due to weak sales growth from higher borrowing costs, elevated new vehicle prices, and regional electric vehicle adoption disparities.
- The health care sector saw the greatest improvement in negative bias during the year, falling 8.9 percentage points to 14.5%, after having the highest negative bias in 2023.
- Sovereigns had the highest positive bias at year end (18.1%), while the high tech sector saw the largest increase in positive bias, rising to 7.9% from 1.9% in 2023.

Corporate defaults

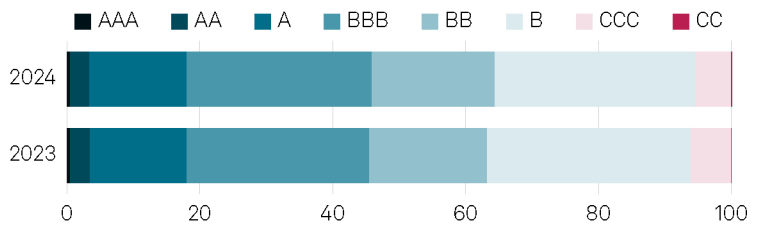
- Global corporate defaults fell by 5.2% in 2024 (145) compared with 2023, driven by a decline in defaults in emerging markets and other developed countries outside the U.S. and Europe.
- The media and entertainment sector led defaults again in 2024 with 23. Consumer products and health care followed with 21 and 18, respectively. The three sectors accounted for 43% of total defaults in 2024.
- Distressed exchanges, the primary driver of defaults in 2024, were responsible for 54% of all defaults in 2024, up from 47% in 2023.
- We expect the U.S. and European trailing-12-month speculative-grade corporate default rates to reach 3.25% and 4.25%, respectively, by September 2025.

Rating Actions And Distribution

Rating actions

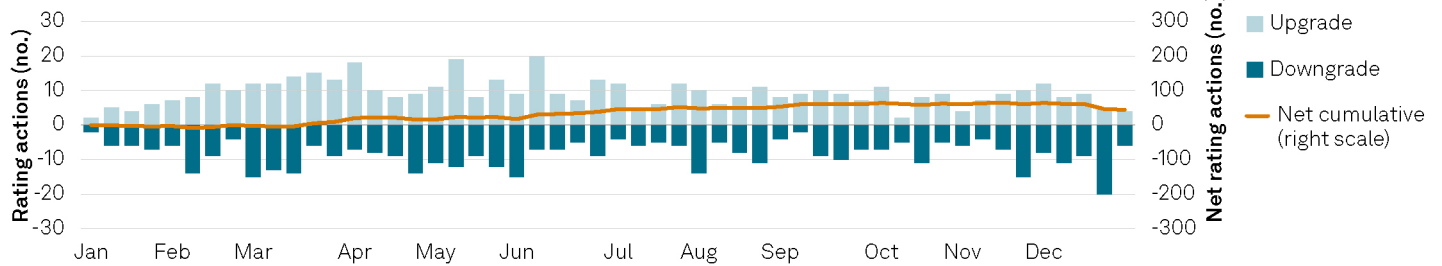
Rating	2023 (no.)	2024 (no.)	Change (%)
Upgrades	471	485	3
Downgrades	560	441	-21
Outlook and CW			
Positive	569	580	2
Negative	526	431	-18

Rating distribution (%)



Global rating actions*

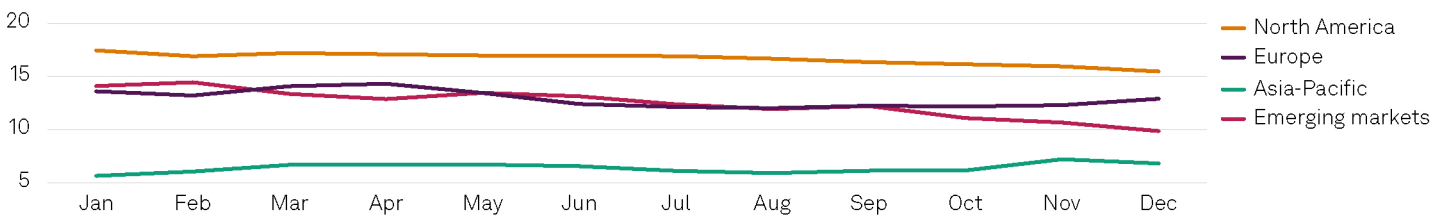
2024 rating actions



Data as of Dec. 31, 2024. *Downgrades are shown as negative numbers. Rating distribution only includes issuers with a negative, positive, or stable outlook and CreditWatch. Includes nonfinancial and financial corporates and sovereigns, excludes defaults. CW--CreditWatch. Net cumulative--Total net negative rating actions. Source: S&P Global Ratings Credit Research & Insights.

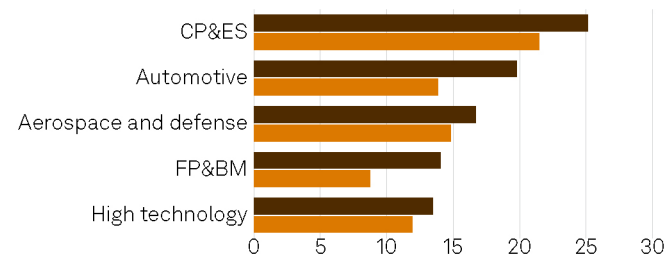
Rating Bias

Regional negative bias (%)



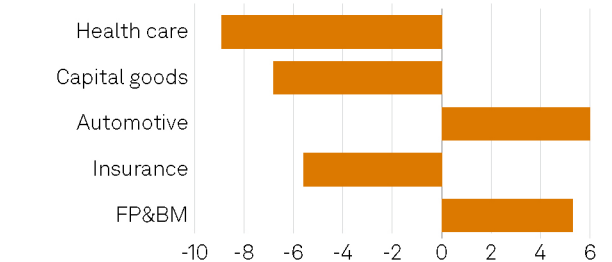
Negative bias by sector (%)

Top five based on highest negative bias in 2024



Negative bias change by sector (QoQ % change)

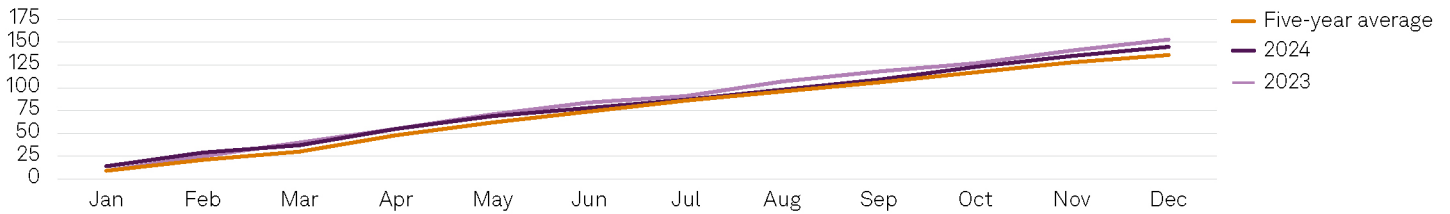
Top five with the largest QoQ change



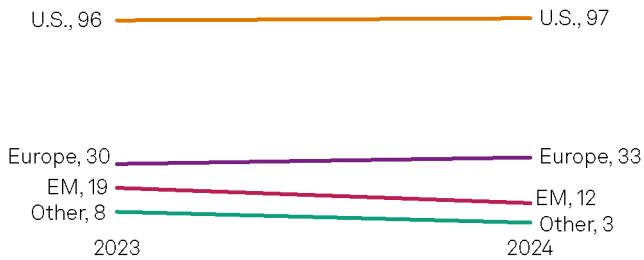
Data as of Dec. 31, 2024. Includes nonfinancial and financial corporates and sovereigns. Note: To ensure better regional alignment, we have incorporated minor adjustments to the country composition of certain regions. Negative bias change by sector includes quarter-over-quarter percentage point change. Negative bias--Percentage of issuers with negative outlooks or ratings on CreditWatch negative. FP&BM--Forest products and building materials. Source: S&P Global Ratings Credit Research & Insights.

Corporate Defaults

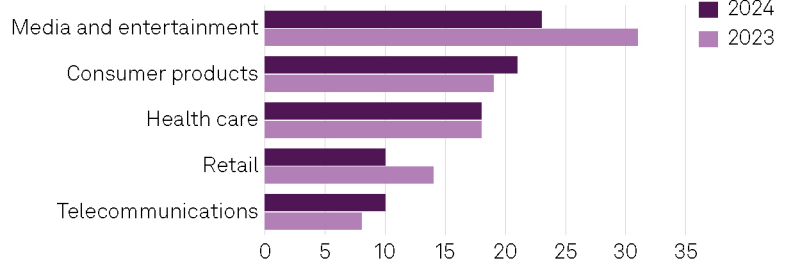
Monthly default count (no.)



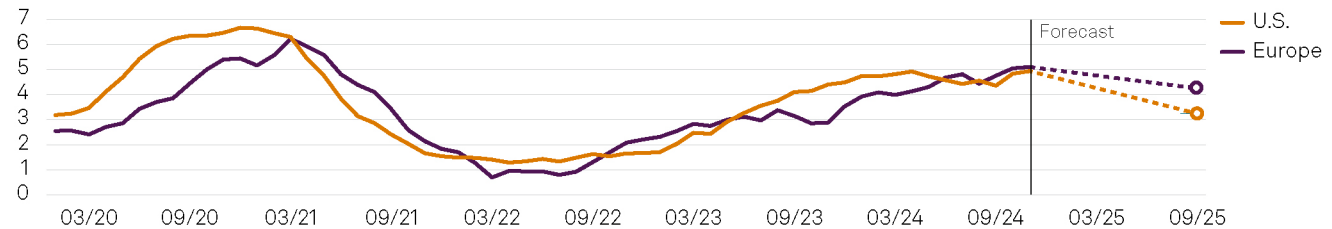
Defaults by region (no.)



Defaults by sector, top five (no.)



Speculative-grade default forecast (%)



Data as of Dec. 31, 2024. Includes nonfinancial and financial corporates as well as confidential issuers. EM--Emerging markets. Other--Developed regions include Canada, Japan, New Zealand, and Australia. U.S. and Europe default rates are as of Nov. 30, 2024, while forecast default rates are for September 30, 2025. Source: S&P Global Ratings Credit Research & Insights.

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