

The Ratings View

January 29, 2025

This report does not constitute a rating action.

Key Takeaways

- Our chief economist's thoughts on Davos 2025, where AI and the new U.S. administration dominated discussions.
- Asia-Pacific's chemical sector faces a bleak 2025.
- U.S. advertising spending remains robust but is diverging between legacy and digital.

Discussions regarding AI and the new U.S. administration dominated Davos 2025. The differences between campaign rhetoric and policy remain unclear, particularly in relation to tariffs and trade policy, but continuing relative outperformance of the U.S. economy is widely anticipated on the back of productivity gains as well as fiscal largesse. Sessions covering AI outnumbered everything else, with expected effects on economies including via higher productivity, wider adoption, talent, and energy requirements (particularly for data centers). AI is seen as transformational, much like electricity in the late 19th century. The adjustment of the global trade and production system to new realities continues. With the end of the Washington consensus comes geopolitical and security overlays to almost everything.

[Economic Research: My Davos Week 2025](#)

Asia-Pacific's chemical sector will have a bleak 2025. Low capacity will continue to limit improvements in commodity chemical product spreads. High downside risks persist, due to China's continued capacity growth, ongoing property weakness, and low demand growth. Compounding this are trade tensions and potential tariffs, which dim the export outlook. In our view, further industry consolidation should occur in the coming years, driven by increased competition and China's push for self-sufficiency. This could have negative credit implications, particularly for the export-dependent commodity chemical companies we rate. Rated entities may preserve some credit strength during the downturn by lowering exposure to commodity chemicals and prudently managing costs and capital spending.

[Asia-Pacific Chemical Sector Outlook: The Downturn Is Too Deep To Exit In 2025](#)

Prospects for U.S. advertising remain robust. We attribute this to consumers still spending despite perceived fears about the U.S. economy, the emergence of cross-border advertisers (particularly those based in China who have spent lavishly in the U.S. and Europe), and the entrance of new e-commerce advertisers. We expect overall spending on advertising in the U.S. will expand by 4.5% in 2025, although trends continue to diverge between legacy and digital media platforms. Advertising on digital platforms, including search, social, retail media (headlined by Amazon), connected TVs, and streaming, will likely increase its share of ad spending as advertisers continue to shift their spending toward digital formats. We forecast digital advertising spending will increase by 9.1% in 2025 after rising by an estimated 13.8% in 2024.

[U.S. Advertising Forecast Remains Robust](#)

Contacts

Gareth Williams

London
Head of Corporate Credit Research
+44-20-7176-7226
gareth.williams@spglobal.com

Gregg Lemos-Stein

New York
Chief Analytical Officer,
Corporate Ratings
+1-212-438-1809
gregg.lemos-stein@spglobal.com

Joe Maguire

New York
Lead Research Analyst
joe.maguire@spglobal.com

For latest
Sector and
Industry
Research
[Click Here](#)



The Ratings View

European house prices recovered rapidly in 2024 in nominal terms as housing affordability improved. This led to upward revisions in our price forecasts. We now expect house prices in the countries covered in this publication will increase by almost 3% per year on average over 2025-2027. Idiosyncratic factors in countries such as Italy, Portugal, the Netherlands, Spain, and Ireland accelerate the recovery in these housing markets. We expect easing monetary policies will mitigate the risk of rising mortgage rates, despite recent increases in long-term yields across Europe. The correlation between mortgage rates and policy rates remains strong.

S&P Global Ratings' nominal house price forecasts

	Year-over-year change in nominal house prices, Q4 2024 (%)						Change compared with forecasts from July 2024 (ppts)					
	2022	2023	2024	2025	2026	2027	2022	2023	2024	2025	2026	2027
Germany	-3.9	-7.0	0.8	1.4	2.0	2.0	-0.3	0.1	1.1	0.9	0.0	0.0
France	4.7	-3.9	-2.1	1.1	1.5	2.0	0.0	0.0	0.4	0.1	0.0	0.0
Italy	2.7	1.8	2.9	1.0	1.2	0.8	0.0	0.0	6.6	2.5	0.2	-0.2
Spain	5.5	4.3	8.0	4.5	3.5	3.0	0.0	-0.1	4.0	1.5	1.1	1.0
Netherlands	5.7	0.2	5.9	1.0	1.7	1.9	0.0	0.0	5.8	0.2	0.0	0.0
Belgium	4.6	2.8	1.7	2.6	3.1	2.8	0.0	-0.5	0.2	1.1	1.7	1.4
Portugal	11.3	7.8	9.0	4.5	3.6	3.2	0.1	0.0	5.5	1.0	0.6	0.2
Switzerland	5.5	1.6	2.1	1.5	2.0	2.6	0.0	0.0	2.1	0.0	0.0	0.0
U.K.	9.2	-2.5	3.5	3.3	3.1	2.9	-0.1	-0.8	2.1	1.0	0.5	0.0
Ireland	8.5	3.1	9.5	6.1	4.9	4.1	-0.1	0.0	3.7	2.0	1.7	0.9
Sweden	-3.5	-2.8	1.0	2.7	3.3	3.6	0.1	0.1	0.4	0.6	0.6	0.9

Data as of January 2025. Sources: OECD, S&P Global Ratings.

[European Housing Markets: Better Housing Affordability Supports Recovery](#)

The outlook for European banks remains steady. As of this month, 75% of relevant rating outlooks were stable, and a further 19% were positive. This resilience reflects our view that European banks will continue to take advantage of benign credit conditions in 2025 to consolidate their financial and business positions, and to expand their ambitions. There is a weaker tail of banks, but by and large we expect solid profitability, sound capitalization and ample liquidity to continue. Key priorities for banks will be to compete for returning loan growth, develop recurring fee income bases and control costs. Banks' capital distribution capacity will remain strong. At the same time, geopolitical risks remain high in Europe. This, together with potential pivots on trade and fiscal policies, could challenge our economic base case and financial markets' conditions. Any abrupt change in conditions or macro-financial shocks would hurt banks with weaker franchises or perceived business model challenges.

[The Top Trends Shaping European Bank Ratings In 2025: Solid Positions, Growing Ambitions](#)

Credit profiles of waste-to-energy (WtE) operators are shifting due to evolving policies and market conditions. In China, cash flows are improving amid falling investments, but reduced subsidies for new projects could erode revenue. At the same time, European WtE operators pursuing aggressive growth plans funded by debt may experience higher leverage as power prices drop in the next few years.

[Sustainability Insights: Overview Of Global Waste-To-Energy Developments: From Waste To Watts](#)

Asset Class Highlights

Corporates

Notable publications include:

- [Japan's Capital Goods Industry Expanding Abroad](#)
- [European Health Care Services In 2025: Can Private Health Care Operators Handle Looming Budget Austerity?](#)
- [EMEA Transportation Infrastructure: Handbook 2025](#)
- [Sustainability Insights: Overview Of Global Waste-To-Energy Developments: From Waste To Watts](#)
- [Credit FAQ: The Potential Honda-Nissan-Mitsubishi Business Integration](#)
- [Asia-Pacific Chemical Sector Outlook:The Downturn Is Too Deep To Exit In 2025](#)
- [Credit FAQ: Potential Global Linear TV Network Spinoffs Face Significant Challenges Amid Secular Declines And Dis-Synergies](#)
- [U.S. Advertising Forecast Remains Robust](#)

Financial Institutions

Over the past week, we published several commentaries including:

- [Canadian D-SIBs' Outlook 2025](#)
- [The Top Trends Shaping European Bank Ratings In 2025: Solid Positions, Growing Ambitions](#)
- [German Banking Outlook 2025: Resilient In The Face Of Adversity](#)
- [Spanish Banking Outlook 2025: Another Solid Year In Prospect](#)
- [Nordic Banking Outlook 2025: Ample Resilience Amid Lingering Uncertainty](#)
- [Irish Banking Outlook 2025: Further Progress Is Required To Sustain Momentum](#)
- [Saudi Capital Market Brief: Rising Issuance Levels Are Just The Start](#)
- [Nigerian Banking Outlook 2025: Resilient Performance Amid Macroeconomic Pressures](#)
- [Financial Market Infrastructure Sector View 2025: Rocky Geopolitics, Solid Fundamentals](#)
- [U.S. Finance Companies Are Poised To Weather An Uncertain Economy And Interest Rate Environment In 2025](#)
- [Sector Review: China Brief: Securities Firms Await Revival In Market Sentiment](#)

We also published several bulletins:

- [Bulletin: Ally Financial Inc. Ends Diversification Endeavors By Exiting Card And Mortgage Businesses: Capitalization Remains Solid](#)
- [Bulletin: Monte dei Paschi's Offer For Mediobanca Is Further Evidence Of Banks' Strong M&A Appetite In Italy](#)
- [Bulletin: BPCE Makes An Important Step In Asset Management Industry Consolidation](#)
- [Bulletin: Haitong Securities To Take Profit Hit Up Front, Ahead Of Merger](#)

Sovereign

- [Romania 'BBB-/A-3' Ratings Affirmed; Outlook Revised To Negative From Stable On Higher Fiscal And External Risks](#)

Research Contributors

Financial Institutions

Matthew Albrecht

matthew.albrecht@spglobal.com

Mehdi El mrabet

mehdi.el-mrabet@spglobal.com

Structured Finance

Winston Chang

winston.chang@spglobal.com

The Ratings View

- [Democratic Republic of Congo 'B-/B' Ratings Affirmed; Outlook Stable](#)
- [North Macedonia 'BB-/B' Ratings Affirmed; Outlook Stable](#)
- [Colombia 'BB+/B' Foreign Currency Ratings Affirmed; Outlook Remains Negative On Mounting Fiscal Challenges](#)

Structured Finance

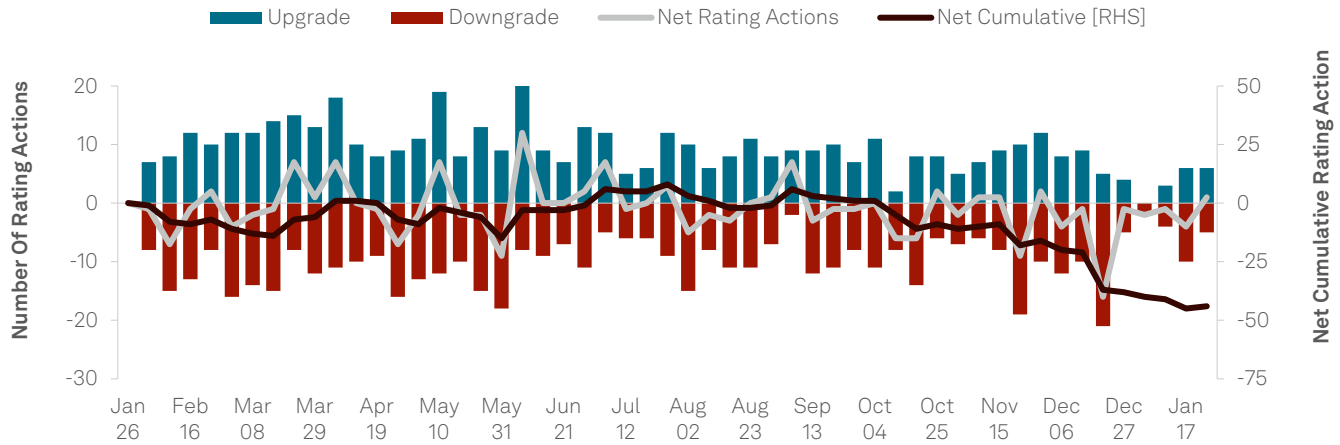
- **U.S. CLO:** On Jan. 24, 2025, we recently published a commentary titled "[Private Credit And Middle-Market CLO Quarterly: Waiting For The Sun \(Q1 2025\)](#)".
- **Australia and New Zealand Structured Finance:** On Jan. 21, 2025, we recently published a commentary titled "[2025 Structured Finance Outlook: Australia And New Zealand](#)".
- **California Housing Market – Los Angeles Wildfires:** Here are key takeaways from the recent commentary titled: "[The Impact Of The Los Angeles Wildfires On California's Property Insurance, Housing Finance, And State Creditworthiness](#)" (published Jan. 23, 2025):
 - The losses from the Los Angeles wildfires are expected to cause property insurance carriers to raise rates and/or reduce coverage options in California and other at-risk areas. This could be exacerbated in the likely event that the California FAIR Plan falls short of funds. Regulatory reform in the state could eventually improve homeowner insurance accessibility and alleviate the strain placed on the FAIR Plan.
 - However, anticipated increased insurance premiums will further strain home affordability. This could translate into downward pressure on home values for a state that has already been experiencing muted population growth.
 - The rising insurance costs and mounting affordability challenges could weigh on the creditworthiness of the state of California over time. Currently, however, our rating outlook is stable.
- **European RMBS and Covered Bonds:** Here are a few "Key Takeaways" from a recent commentary:
 - We have updated (for all countries other than the U.K.) our under/overvaluation assessment of European residential mortgage markets, which are used to calibrate our loss severity assumptions for European residential mortgage-backed securities (RMBS) and covered bond rating analysis.
 - Overall, overvaluations have moderated, compared with our last update. This is driven by exhibited wage growth combined with, in some jurisdictions, house price declines.
 - We have updated our approach to determining under/overvaluation for a specific mortgage market. A region or country will now be in one of six categories, ranging from undervalued to severely overvalued. This is detailed below.
 - The updated view also incorporates our forward-looking view of factors that are likely to drive income and house prices, such as interest rates and house price forecasts.

See commentary titled "[House Price Overvaluation Moderates For Europe's RMBS And Covered Bond Markets](#)" and published on Jan. 20, 2025.
- **U.S. Credit Card ABS:** We published the "[U.S. Credit Card Quality Index: Monthly Performance--December 2024](#)" on Jan. 23, 2025. The CCQI is a monthly performance index that aggregates performance information of securitized credit card receivables in key risk areas.

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 Feb. 16, 2025. 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-Jan	Downgrade	Focus Financial Partners Inc.	NBFI	U.S.	B	B+	7,888
21-Jan	Upgrade	Costco Wholesale Corp.	Retail/restaurants	U.S.	AA	A+	5,000
20-Jan	Downgrade	China Vanke Co. Ltd.	Homebuilders/real estate co.	China	B-	B+	1,793
24-Jan	Downgrade	Selecta Group B.V.	Consumer products	Netherlands	CCC-	CCC+	1,134
20-Jan	Upgrade	Elior Group S.A.	Consumer products	France	B+	B	1,081
21-Jan	Upgrade	AL GCX Holdings LLC	Utilities	U.S.	BB	B+	798
24-Jan	Upgrade	Form Technologies LLC	Capital goods	U.S.	B-	CCC	770
23-Jan	Downgrade	Physician Partners LLC	Health care	U.S.	SD	CCC+	750
23-Jan	Downgrade	Hubbard Radio LLC	Media & entertainment	U.S.	CCC+	B-	687
21-Jan	Upgrade	Castlelake Aviation Ltd. (Avolon Holdings Ltd.)	NBFI	Cayman Islands	BBB-	BB-	420

Source: S&P Global Ratings Credit Research & Insights. Data as of Feb. 16, 2025. U.S. means United States, U.K. means United Kingdom and U.A.E. means United Arab Emirates. NBFI - NonBank Financial Institutions (ex. Insurance)

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



The Ratings View

Copyright 2025 © by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge) and www.ratingsdirect.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/ratings/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.