

The Ratings View

March 27, 2025

This report does not constitute a rating action.

Key Takeaways

- U.S. policy uncertainty damps down global growth prospects.
- Trade and political uncertainties are also casting a shadow on global credit conditions.
- Our credit cycle indicator continues to signal credit recovery.

Global Economic Outlook Q2 2025. Heightened U.S. policy uncertainty, mainly related to tariffs, is dominating the global macro narrative. Soft data such as confidence and sentiment have plunged, and U.S. market valuations have retreated. Activity and the hard data have held up so far, but all eyes are on U.S. consumption and employment. Our GDP growth forecasts have fallen since our previous forecast. This is driven by U.S. tariff effects and spillovers from a steeper decline in U.S. sequential growth. European growth is lower this year but will improve from 2026 on higher defense and infrastructure spending. China's outlook is stable. The risks to our baseline are firmly on the downside. We are watching the effects on demand from protracted U.S. policy uncertainty. Should these materialize, the result would be a material slowdown in growth.

GDP growth forecasts

Annual percentage change

	Forecasts					Change from November baseline			
	2024	2025	2026	2027	2028	2024	2025	2026	2027
U.S.	2.8	1.9	1.9	2.2	1.8	0.1	0.0	-0.1	0.5
Europe									
Eurozone	0.8	0.9	1.4	1.5	1.5	0.0	-0.3	0.1	0.3
Germany	-0.2	0.3	1.4	1.7	1.6	-0.1	-0.6	0.2	0.6
France	1.1	0.7	1.1	1.2	1.1	-0.1	-0.2	0.0	0.0
Italy	0.5	0.6	1.0	1.0	0.9	0.0	-0.3	-0.1	0.1
Spain	3.2	2.6	2.0	1.9	1.8	0.2	0.0	0.1	-0.1
U.K.	0.9	0.8	1.6	1.6	1.4	0.0	-0.7	-0.1	0.1
Asia-Pacific									
China	5.0	4.1	3.8	4.4	4.5	0.2	0.0	0.0	0.1
Japan	0.1	1.2	0.8	0.8	0.8	0.4	-0.1	-0.2	-0.2
India*	6.5	6.5	6.8	7.0	6.8	-0.3	-0.2	0.0	0.0
Emerging economies									
Mexico	1.2	0.2	1.7	2.2	2.3	-0.2	-1.0	-0.2	0.1
Brazil	2.9	1.9	2.0	2.1	2.2	-0.1	0.0	-0.1	-0.1
South Africa	0.6	1.6	1.5	1.4	1.4	-0.4	-0.1	0.1	0.0
World	3.3	3.0	3.0	3.4	3.3	0.1	0.0	-0.1	0.2

Sources: S&P Global Market Intelligence and S&P Global Ratings (forecasts). Fiscal year, beginning April 1 in the reference calendar year.

[Global Economic Outlook Q2 2025: Spike In U.S. Policy Uncertainty Dampens Growth Prospects](#)

[Economic Outlook Asia-Pacific Q2 2025: U.S. Tariffs Will Squeeze, Not Choke, Growth](#)

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[Economic Outlook Canada Q2 2025: Trade Tensions Disrupt Growth Improvement](#)

[Economic Outlook Emerging Markets Q2 2025: Trade Policy Unknowns Dampen Investment](#)

[Economic Outlook Eurozone Q2 2025: A World In Limbo](#)

[Economic Outlook U.K. Q2 2025: Recovery In Consumption Slows As Inflationary Pressure Returns](#)

[Economic Outlook U.S. Q2 2025: Losing Steam Amid Shifting Policies](#)

Trade and political uncertainty hang over global credit conditions. In North America, favorable credit conditions for borrowers could soon deteriorate, as amplified uncertainty, along with policy shifts by the U.S. administration, threatens to ignite investor risk aversion—especially if significant economic disruption occurs as a result. For Europe, persistent uncertainty, notably around the U.S. administration's trade and foreign policy strategies, may be a greater risk to economic confidence than the tariffs themselves. The imperative to rebuild European defense capabilities in this context also brings significant fiscal challenges. Emerging markets' resilient credit conditions are likely to be tested due to increasing trade protectionism in the U.S. More positively, supportive financing conditions and domestic consumption are steadying Asia-Pacific credit conditions, and China's property sector may be seeing the green shoots of a recovery as home prices stabilize. However, here too direct and indirect effects from trade tensions and policies threaten to unwind the course.

[Credit Conditions Asia-Pacific Q2 2025: Squeezed From Both Sides](#)

[Credit Conditions Emerging Markets Q2 2025: The Tariff Storm](#)

[Credit Conditions Europe Q2 2025: Europe Plots A New Course](#)

[Credit Conditions North America Q2 2025: Uncertainty Prevails](#)

Our global credit cycle indicator (CCI) continues to signal a credit recovery this year. However, geopolitical and trade tensions, and growth concerns, amid increasing policy uncertainties, could stall or derail the upturn. The corporate sector, thanks to supportive market conditions, has shown stronger upward credit momentum. Households continue to grapple with squeezed purchasing power and subdued sentiment. The divergence across regions and geographies remains, suggesting different credit trajectories.

[Credit Cycle Indicator Q2 2025: Macro Headwinds Could Hinder Credit Recovery](#)

Tariffs pose considerable risks to export-oriented Asia-Pacific corporates. China has the largest U.S. trade surplus in Asia-Pacific. Its U.S. exposure has been falling, but indirect effects can hit its large export sector. The tariffs' impact will unfold amid tepid growth, and uncertainty around the impact of government stimulus measures. This will weigh on China's industrial, power, transport, property, and consumer sectors. U.S. tariffs may hit Japan's auto, capital goods, and machinery sectors the hardest. Japan's trade surplus with the U.S., at US\$72 billion in 2024, is the second largest in Asia-Pacific behind only China. Korea's large and growing trade surplus may also attract U.S. tariffs, which would hit makers of autos, industrial machinery, and semiconductors. Australia and New Zealand have limited exports to the U.S., but indirect tariff effects could hit their large export sector. Weak Chinese demand pose risks for miners; a regional slowdown could hit ports and airports and derail the consumer and real estate recovery.

[China: Can Stimulus Offset Slow Growth And New Tariffs?](#)

[Japan: Risks Ahead From Tariffs And Global Slowdown](#)

[South Korea: Export-Focused Economy To Face Trade Strains](#)

[Australia and New Zealand: Indirect Exposure Threatens A Delicate Recovery](#)

Asset Class Highlights

Corporates

Notable publications include:

- [Australia and New Zealand: Indirect Exposure Threatens A Delicate Recovery](#)
- [Japan: Risks Ahead From Tariffs And Global Slowdown](#)
- [China: Can Stimulus Offset Slow Growth And New Tariffs?](#)
- [Hong Kong's Property-Linked GREs Aim For Growth](#)
- [Credit FAQ: Japan's Auto Sector Faces Tariff Tribulations](#)
- [Credit Cycle Indicator Q2 2025: Macro Headwinds Could Hinder Credit Recovery](#)
- [Asia-Pacific Corporates 2025: Who Can Take The Tariff Hit?](#)
- [Tariffs Cloud Corporate Earnings](#)
- [Corporate Results Roundup Q4 2024: Growth accelerates and sentiment improves](#)

Financial Institutions

Notable publications include:

- [Nonbank Financial Institutions' Profitability Will Be Tested In 2025](#)
- [Banking Brief: High Capital Levels A Double-Edged Sword For Singapore Banks](#)
- [Research Update: Italy-Based Nexi SpA Upgraded To 'BBB-' On Positive Deleveraging Trajectory; Outlook Stable](#)
- [Research Update: Krung Thai Bank Upgraded To 'BBB/A-2' From 'BBB-/A-3' On Strengthened Business Position; Outlook Stable](#)
- [Bulletin: Manappuram's Governance To Get A Bain Capital Uplift](#)
- [Bulletin: Credit Mutuel Anchors Bank Insurance Franchise In Germany Through Acquisition Of Oldenburgische Landesbank](#)

Sovereign

- [Default, Transition, and Recovery: 2024 Annual Global Sovereign Default And Rating Transition Study](#)
- [Cameroon 'B-/B' Ratings Affirmed; Outlook Stable](#)
- [Ethiopia Local Currency Rating Affirmed At 'CCC+'; Outlook Stable; Foreign Currency Rating Affirmed At 'SD'](#)
- [Emirate of Sharjah Outlook Revised To Negative On Rising Fiscal Risks; Ratings Affirmed At 'BBB-/A-3'](#)
- [Albania Upgraded To 'BB' From 'BB-' On Improved Fiscal Position; Outlook Stable](#)

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The Ratings View

- [Mozambique Local Currency Rating Lowered To 'SD' On Completed Domestic Debt Switch; Foreign Currency Rating Affirmed](#)

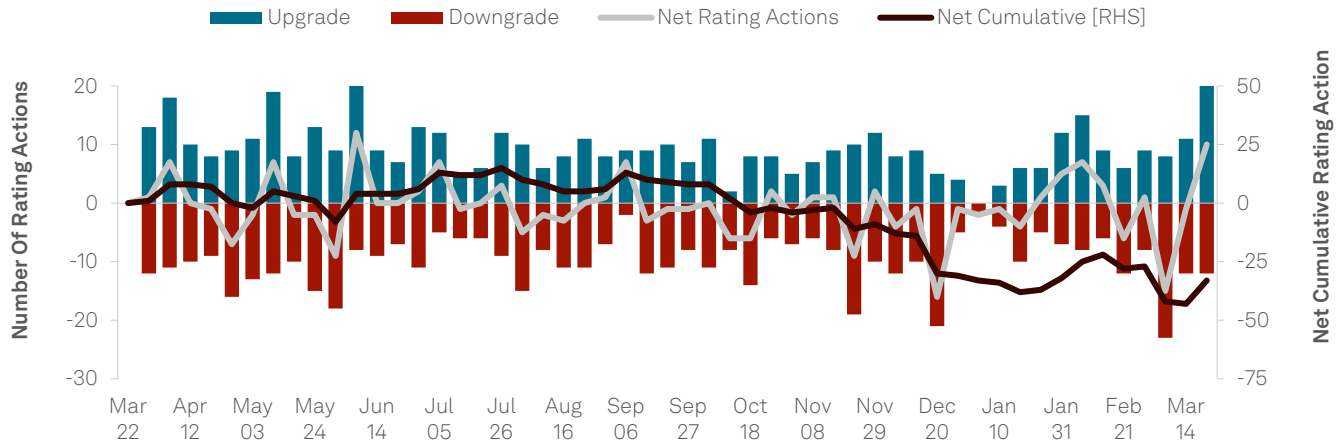
Structured Finance

- **U.S. and EMEA Structured Finance:** S&P Global Ratings published its round-up of the latest credit developments and underlying performance indicators observed across U.S. structured finance sectors (see "[U.S. Structured Finance Chart Book: March 2025](#)," published March 21, 2025). S&P Global Ratings also published on March 21, 2025 its "[EMEA Structured Finance Chart Book: March 2025](#)". The report includes a roundup of the latest new issuance and credit developments that we have observed across structured finance sectors, along with data on issuance drivers, recent rating actions, and underlying performance indicators. We also highlight the key takeaways from our recent research publications.
- **Global Covered Bonds:** Here are a couple "Key Takeaways" from a recent commentary:
 - Year-to-date issuance volume slightly decreased, at 28.5% lower than the 2024 equivalent period, but matched our 2025 issuance expectations.
 - In our view, scheduled European covered bond redemptions remain the primary driver for issuances this year.
 - We anticipate that potential further reductions in central bank interest rates will support sound collateral performance. Our 2025 ratings outlook remains stable.
 - On March 18, 2025, we published a commentary titled "[Global Covered Bond Insights Q2 2025: Issuance Holds Steady Amid Market Volatility](#)".
- **Norwegian and Finnish Covered Bonds:** Here are a couple "Key Takeaways" from a recent commentary:
 - Easing interest rates will support Finnish and Norwegian households' sound debt servicing capacity. In both markets, we project house prices to recover this year.
 - In Norway, we expect amendments to lending regulations to support the housing market and house price growth.
 - In Finland, we do not expect challenges faced by real estate funds to spill into the covered bonds but it may delay house price recovery.
 - In our view, healthy rating buffers in most covered bond programs will continue to support rating performance.
 - On March 21, 2025, we published a commentary titled "[Norwegian And Finnish Covered Bond Market Insights 2025](#)".
- **Australian RMBS:** See the recent "[RMBS Arrears Statistics: Australia January 2025](#)" published on March 17, 2025.
- **Canadian Credit Card ABS:** We published the "[Canadian Credit Card Quality Index: Monthly Performance--January 2025](#)" on March 17, 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 Mar. 21, 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. \$)
19-Mar	Upgrade	Bausch Health Cos. Inc.	Health care	Canada	B-	CCC+	45,650
18-Mar	Upgrade	Williams Cos. Inc. (The)	Utilities	U.S.	BBB+	BBB	22,760
21-Mar	Downgrade	ARD Finance S.A. (ARD Securities Finance S.a.r.l.)	Chemicals, packaging & environmental services	Luxembourg	CC	CCC-	15,245
17-Mar	Upgrade	Clydesdale Acquisition Holdings Inc.	Chemicals, packaging & environmental services	U.S.	B+	B	9,435
18-Mar	Upgrade	Saudi Electric Co. (Kingdom of Saudi Arabia)	Utilities	Saudi Arabia	A+	A	6,400
17-Mar	Downgrade	Polaris Parent LLC	High technology	U.S.	CCC+	B-	5,372
20-Mar	Downgrade	Health Care Service Corp. (HCSC Group)	Insurance	U.S.	A+	AA-	4,500
20-Mar	Upgrade	Herbalife Ltd.	Consumer products	Cayman Islands	B+	B	3,800
21-Mar	Downgrade	Quest Software US Holdings Inc.	High technology	U.S.	CCC-	CCC+	3,575
17-Mar	Upgrade	Emaar Properties PJSC	Homebuilders/real estate co.	U.A.E.	BBB+	BBB	3,500

Source: S&P Global Ratings Credit Research & Insights. Data as of Mar. 21, 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.



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