

The Ratings View

April 2, 2025

This report does not constitute a rating action.

Key Takeaways

- Tariff and trade tensions are unsettling global credit conditions.
- China's auto sector could see a sweeping consolidation.
- Some U.S. states and statewide pension plans are considering allowing crypto as a reserve asset.

Global credit conditions are at risk from tariff-related volatility. Tariffs imposed or mooted by the U.S. and countermeasures by other countries are creating uncertainty about prospects for growth, inflation, and interest rates. This has weakened investor sentiment, consumer confidence, and will likely weigh on economic growth this year. At the same time, global alliances and multinational institutions are being upended. The fundamental geopolitical changes at play could lead to material shifts in capital flows between regions, sectors, and asset classes. Credit has remained relatively resilient to these concerns so far. Global rating actions this year are largely balanced between upgrades and downgrades, and defaults have moderated, reflecting tailwinds from resilient economic growth and favorable financing conditions. Financial markets have reacted negatively to the unfolding global trade situation, but the scale of response has been modest so far, suggesting optimism that the impact of tariff tensions will be contained. Should this prove wrong, further asset price declines may accelerate, tightening access to funding for issuers.

[Global Credit Conditions Q2 2025: Puzzling Reshuffling](#)

The Chinese auto sector is at the start of a sweeping consolidation. Beijing's push to create a giant state-owned automotive firm could jumpstart a long-awaited consolidation of China's oversupplied auto industry. The resulting entity, which will rank as one of the world's largest carmakers, will leverage expanded resources to improve its competitiveness in electric vehicles. Before the industry completes its restructuring, which we expect to play out over 2027-2030, competition will remain fierce, weighing on carmakers' volumes, margins and cash flows.

[China's Car Sector: A Shakeout Looms](#)

U.S. states and statewide pension plans are increasingly considering cryptocurrencies (crypto), particularly bitcoin, as a reserve investment. So far, 17 states either allow or have introduced legislation to allow crypto as a reserve asset and 16 are proceeding toward including crypto investments in their statewide pension trusts. The recent creation of crypto exchange-traded funds (ETFs) and the rapidly evolving regulatory landscape may have increased interest in crypto as an investment by helping address some associated risks.

[Cryptocurrency Is Growing Within U.S. State Reserves And Statewide Pension Plans](#)

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](#)



Asset Class Highlights

Corporates

Notable publications include:

- [Credit FAQ: Assessing The Credit Quality Of Large U.S. Media Companies \(2025 Edition\)](#)
- [China's Car Sector: A Shakeout Looms](#)
- [India: Firms Protected By Growth, Funding, Credit Strength](#)
- [Global Credit Conditions Q2 2025: Puzzling Reshuffling](#)
- [Default, Transition, and Recovery: 2024 Annual Global Corporate Default And Rating Transition Study](#)
- [Asia-Pacific Sector Roundup Q2 2025: Trade Complications Could Disturb Still Waters](#)

Financial Institutions

- [Three Spanish Banks Upgraded, The Rest Affirmed On Stronger Industry Dynamics](#)
- [Research Update: Euroclear Bank S.A./N.V. And Clearstream Banking Entities Assigned RCRs On Increasing Resolvability](#)
- [Research Update: Raiffeisen Bank International Outlook Revised To Stable From Negative On Lower Nonfinancial Risks; Ratings Affirmed](#)
- [Bulletin: Agricultural Bank of China Can Wait For Capital Injection](#)
- [Bulletin: Bank of China \(Hong Kong\) Can Handle Rising Property Stress](#)
- [Bulletin: ICBC's Diversification Will Support Its Resilience](#)
- [Bulletin: Citic Group Can Weather Cyclicalities](#)
- [Bulletin: China Development Bank Financial Leasing Will Maintain Link With Parent's Strategic Direction](#)
- [Private Equity Draws On Continuation Funds To Tackle Liquidity Drought](#)
- [Banking Industry Country Risk Assessment Update: March 2025](#)
- [Rating Component Scores For U.S., Canadian, And Bermudian Banks \(March 2025\)](#)
- [Taiwan Banks Could Withstand A Potential Property Downturn](#)
- [Credit FAQ: China's Two Sessions: No Surprises In Push To Unlock Growth](#)
- [Hong Kong Banks Have Defenses Against Commercial Real Estate Strains](#)

Sovereign

- [Czech Republic 'AA-/A-1+' Foreign Currency And 'AA/A-1+' Local Currency Ratings Affirmed; Outlook Stable](#)
- [Kyrgyzstan Assigned 'B+' Sovereign Ratings; Outlook Stable](#)
- [Japan 'A+/A-1' Ratings Affirmed; Outlook Stable](#)

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

Structured Finance

- U.S. CLO:** On March 28, 2025, we also published a commentary titled "[SF Credit Brief: CLO Insights 2025 U.S. BSL Index: U.S. CLO 2.0 Tranche Defaults And Recoveries: 'CCC' Buckets Edge Upward While Average Loan Price Declines](#)".

CLO Insights 2025 U.S. BSL Index*

'B-' category rated issuers	'CCC' category rated issuers	Nonperforming issuers	Avg. cushion at the junior O/C test	Weighted average price of portfolio	SPWARF	% of target par	'B-' on negative outlook
23.96%	6.20%	0.86%	3.90%	96.17	2681	99.27%	2.39%

Change during prior month

■ Risk increasing
 ■ Risk decreasing
 ■ Not applicable

*Through March 20, 2025, update. SPWARF--S&P Global Ratings' weighted average rating factor.
N/A--Not applicable.

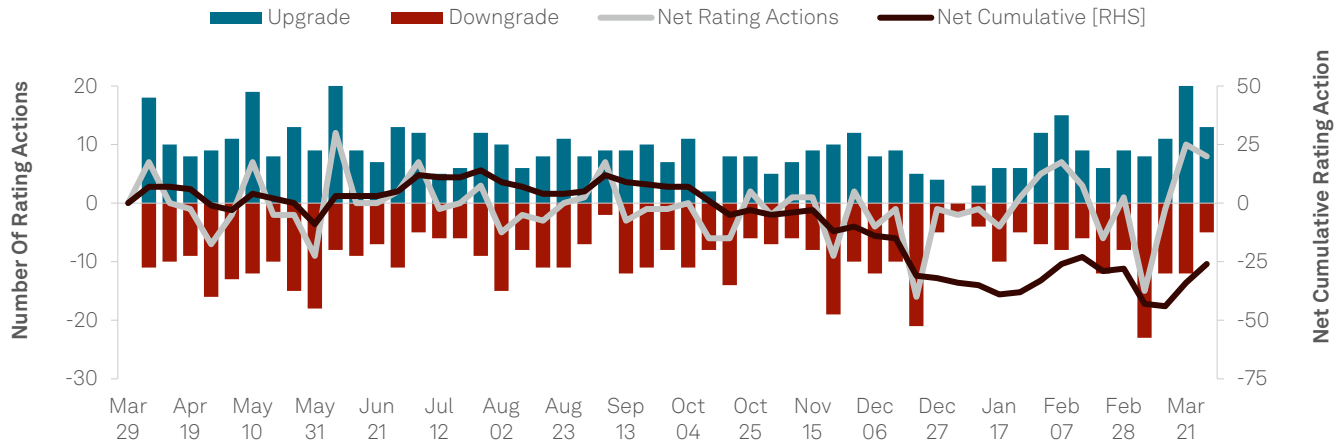
Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

- Japanese Structured Finance:** Here are "Key Takeaways" from a recent commentary:
 - In 2024, there were no rating actions (upgrades, downgrades, or defaults) among Japanese structured finance securities rated by S&P Global Ratings Japan or S&P Global SF Japan.
 - For S&P Global Ratings Japan, the residential mortgage-backed securities (RMBS) sector accounted for 99.2% of the ratings outstanding at the start of 2024, while single-name synthetics accounted for the remaining 0.8%.
 - For S&P Global SF Japan, RMBS accounted for 87.3% of the ratings outstanding at the start of 2024, while the asset-backed securities sector accounted for 7.3% and single-name synthetics accounted for 5.3%.
 - On March 27, 2025, we published a commentary titled "[2024 Annual Japanese Structured Finance Default And Rating Transition Study](#)".
- Middle Market CLOs:** Here are "Key Takeaways" from a recent commentary:
 - Middle market CLOs have been a fast-growing part of the U.S. CLO market, with issuance of new transactions breaking records in three of the past four years.
 - There are some key differences between broadly syndicated loan CLOs and middle market CLOs, including issuer motivation, collateral characteristics and transaction structures, among others.
 - This article outlines these differences, as well as themes we hear during our discussions with investors, issuers and other market participants, and what we see in middle-market CLO indenture provisions.
 - On March 27, 2025, we published a commentary titled "[Good Things Come In Small Packages: A Short Primer On Middle Market CLOs](#)".

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 March 28, 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. \$)
25-Mar	Upgrade	General Electric Co.	Aerospace & defense	U.S.	A-	BBB+	90,485
25-Mar	Upgrade	Carnival Corp.	Media & entertainment	Panama	BB+	BB	25,050
27-Mar	Upgrade	Banco de Sabadell S.A.	Bank	Spain	A-	BBB+	15,759
27-Mar	Downgrade	Brookfield Property Partners L.P. (Brookfield Corp.)	Homebuilders/real estate co.	Bermuda	BB-	BB	12,181
28-Mar	Upgrade	Welltower Inc.	Homebuilders/real estate co.	U.S.	A-	BBB+	11,713
26-Mar	Upgrade	Baker Hughes Co.	Oil & gas	U.S.	A	A-	10,550
25-Mar	Upgrade	Wolters Kluwer N.V.	Media & entertainment	Netherlands	A-	BBB+	6,976
28-Mar	Upgrade	US Foods Inc.	Retail/restaurants	U.S.	BB+	BB	4,235
27-Mar	Upgrade	Quanta Services Inc.	Capital goods	U.S.	BBB	BBB-	3,650
24-Mar	Upgrade	Nexi SpA	Bank	Italy	BBB-	BB+	2,269

Source: S&P Global Ratings Credit Research & Insights. Data as of March 28, 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.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

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.