

This report does not constitute a rating action.

(Editor's note: S&P Global Ratings believes there is a high degree of unpredictability around policy implementation by the U.S. administration and possible responses--specifically with regard to tariffs--and the potential effect on economies, supply chains, and credit conditions around the world. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential and actual policy shifts and reassess our guidance accordingly [see our research here: spglobal.com/ratings].) In addition, please note data includes financial and nonfinancial corporates and sovereigns only.

Q1 2025: A Solid Start

First-quarter 2025 ratings performance proved resilient, with both an increase in upgrades and a decrease in downgrades. Defaults have also moderated so far this year, reflecting the broad economic tailwinds entering 2025, including resilient growth and favorable financing conditions.

Explore the data in our interactive dashboard >

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Key Takeaways

Rating actions

- Rating performance remained resilient through the first quarter of 2025: Upgrades rose 28% while downgrades fell 18% quarter over quarter. Although they were down from the previous quarter, positive outlook and CreditWatch changes continued to exceed negative ones, signaling a net positive outlook for future rating activity.
- Speculative-grade media and entertainment issuers led downgrades in the first quarter (16). Financial institutions led upgrades for the second consecutive quarter (18), and two-thirds of these were upgrades of European issuers.
- Positive rating momentum was most pronounced in the U.S., where upgrades rose 30% and downgrades fell 21% from the fourth quarter of 2024. Latin America also saw strong momentum, with upgrades outnumbering downgrades in the first quarter by over 6 to 1. All other regions reported favorable upgrade-to-downgrade ratios, except for Asia-Pacific.

Rating bias

- Negative bias (the percentage of issuers with negative outlooks or ratings on CreditWatch with negative implications) declined marginally in North America and Europe during the first quarter. It was roughly flat for Asia-Pacific but rose modestly for emerging markets, with the rating outlooks on four emerging market sovereigns being revised to negative because of lingering fiscal risks.
- The chemicals, packaging, and environmental services sector maintained the highest negative bias, though it decreased 1.6 percentage points quarter over quarter. The largest increases in negative bias were in sovereigns (4.2 percentage points), retail and restaurants (2.6 percentage points), and forest products and building materials (2.5 percentage points).
- Oil and gas issuers had the highest positive bias in the first quarter (12.2%). The automotive sector had the highest quarter-over-quarter increase in positive bias--up nearly 3.5 percentage points, to 9.0%. This is largely attributable to three positive outlook revisions in the U.S., Europe, and Asia-Pacific on two large auto manufacturers and one automotive digital marketplace provider.

Corporate defaults

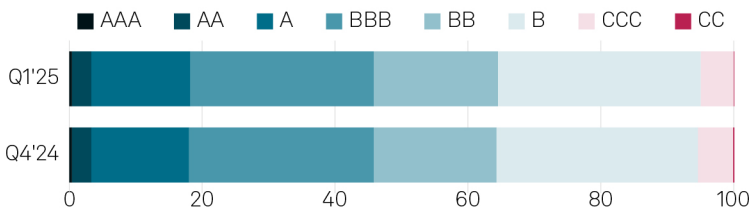
- Global corporate defaults declined--to 26 in the first quarter from 36 the previous quarter.
- The consumer products sector led defaults with five, followed by media and entertainment with four and health care and retail with three apiece. These four sectors accounted for 58% of first-quarter defaults.
- U.S. defaults fell by half between the first quarter and the previous quarter. European defaults increased to nine from just three the previous quarter, and they make up over one-third of year-to-date global defaults.
- Our existing base-case forecasts see the U.S. and European trailing-12-month speculative-grade corporate default rates reaching 3.5% and 3.75%, respectively, by December 2025. Our pessimistic-case forecasts see those default rates reaching 6.0% and 6.25%, respectively.

Rating Actions And Distribution

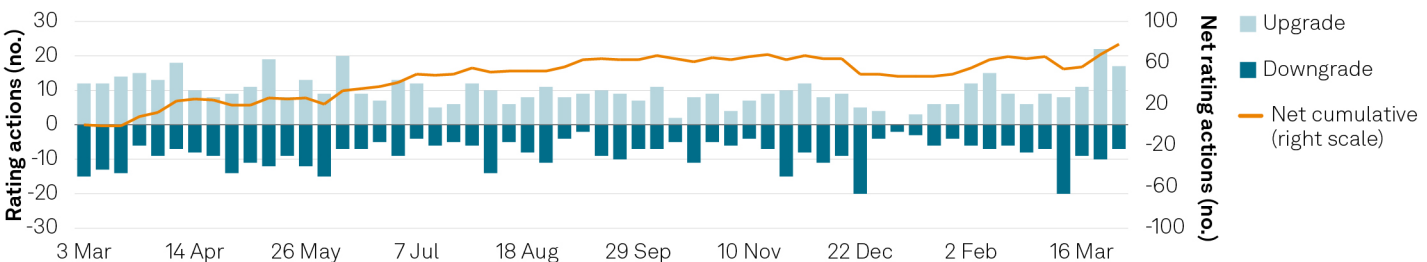
Rating actions

Rating	Q1'25 (no.)	Q4'24 (no.)	Change (%)
Upgrades	124	97	28
Downgrades	93	113	-18
Outlook and CW			
Positive	128	159	-19
Negative	118	118	0

Rating distribution (%)



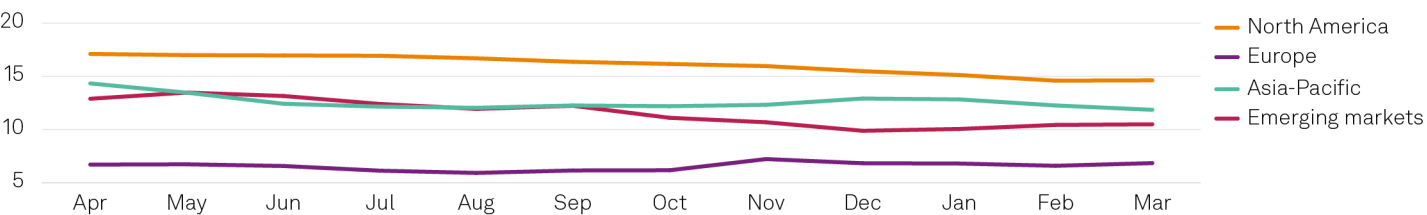
Global rating actions*
2024 - 2025 rating actions



Data as of March 31, 2025. *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.

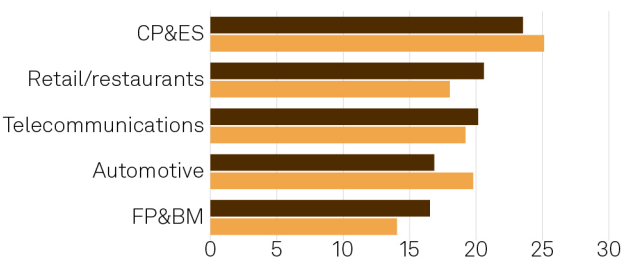
Rating Bias

Regional negative bias (%)



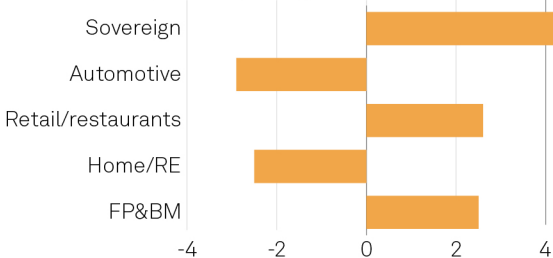
Negative bias by sector (%)

Top five based on highest negative bias in Q1 2025



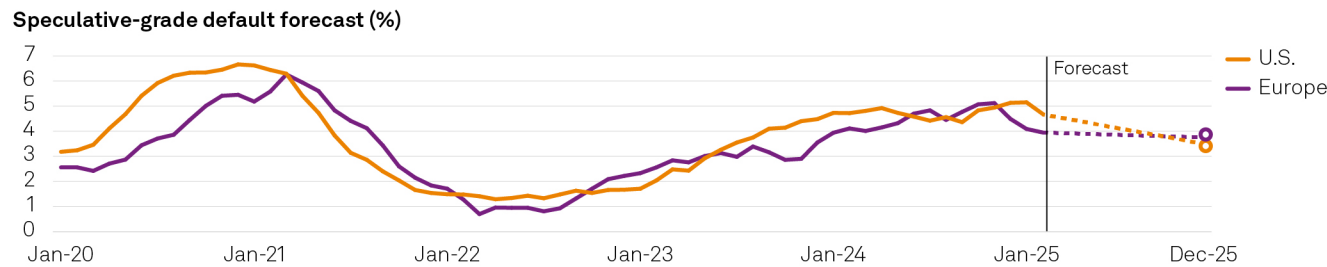
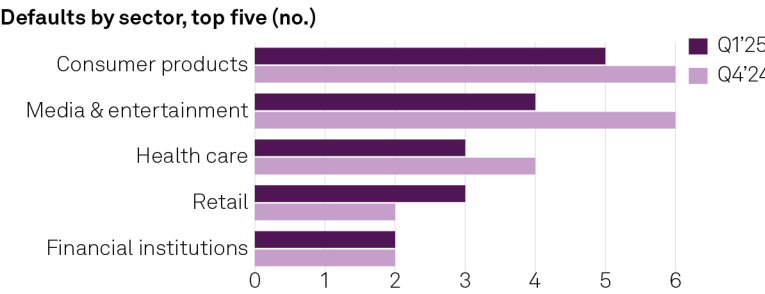
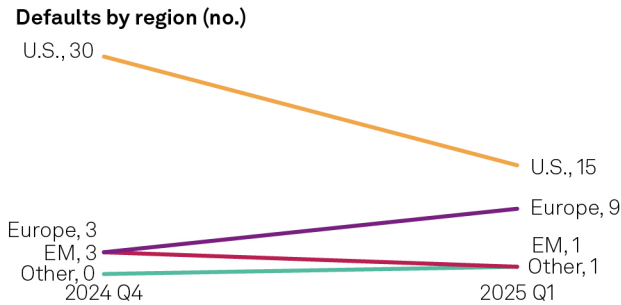
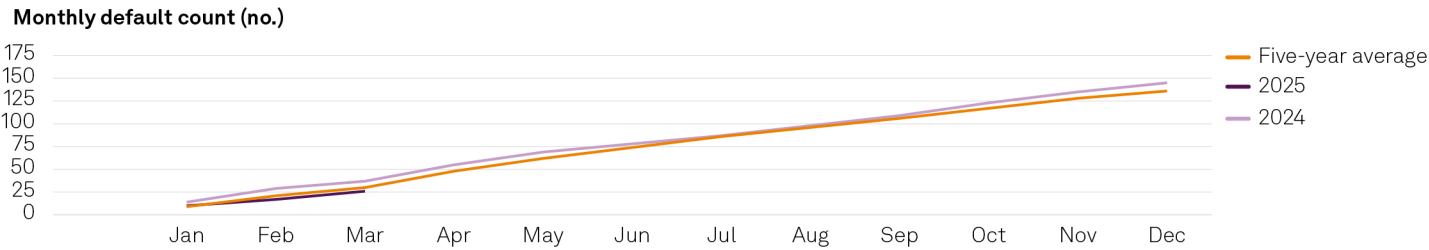
Negative bias change by sector (QoQ % change)

Top five with the largest QoQ change



Data as of March 31, 2025. Includes nonfinancial and financial corporates and sovereigns. 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. CP&ES--Chemicals, packaging, and environmental services. FP&BM--Forest products and building materials. Home/RE--Homebuilders/real estate companies. Source: S&P Global Ratings Credit Research & Insights.

Corporate Defaults



Default count data as of March 31, 2025; includes nonfinancial and financial corporates as well as confidential issuers. U.S. and European default rates as of Feb. 28, 2025; forecast default rates are for Dec. 31, 2025. EM--Emerging markets. Other region includes Canada, Japan, New Zealand, and Australia. Source: S&P Global Ratings Credit Research & Insights.

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