This Month In Credit

April 2025

This report does not constitute a rating action.

Stalling Momentum?

*(Editor's note: This Month In Credit datasets cover sovereign, financial, and nonfinancial corporate issuers globally unless otherwise stated. For additional exhibits on credit trends, including rating actions, outlooks, fallen angels, rising stars, weakest links, and the U.S. distress ratio, please see the related data publication: "**This Month In Credit: 2025 Data Companion**.")*

Key Takeaways

- Net bias (positive minus negative bias) stalled at 4.9% as of March 31 after 10 months of continued increases.
- The shift in momentum is largely due to a rise in new potential downgrades, up by 70%, to the highest level of additions in the past 12 months.
- In contrast, weakest links (issuers rated 'B-' and below on either negative outlooks or CreditWatch negative) continued to decline, reaching 218--the lowest level since September 2022.
- While defaults increased to nine in March, the year-to-date count (26) tracks below first-quarter 2024 (37). We are maintaining our base-case projections for 2025, however, the longer tariff uncertainty lasts, or if it worsens, the greater the likelihood defaults move toward our pessimistic cases.

Primary Contacts

Erik Wisentaner
London
+44-207-176-0570
erik.wisentaner
@spglobal.com

Brenden Kugle
Englewood
+1-303-721-4619
brenden.kugle
@spglobal.com

Ekaterina Tolstova
Frankfurt
+49-173-659-1385
ekaterina.tolstova
@spglobal.com

Nicole Serino
New York
+1-212-438-1396
nicole.serino
@spglobal.com

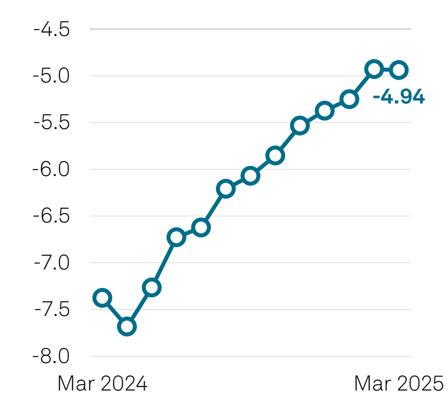
Patrick Drury Byrne
Dublin
+353-568-0605
patrick.drurybyrne
@spglobal.com

For a weekly snapshot of rating trends and credit conditions, please see **"This Week In Credit,"** released every Monday.

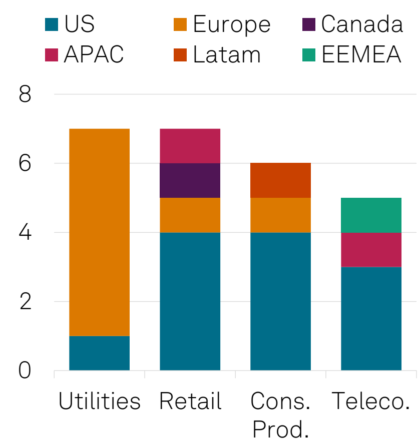
Shifting Gears

Net bias momentum slowed driven by new potential downgrades.

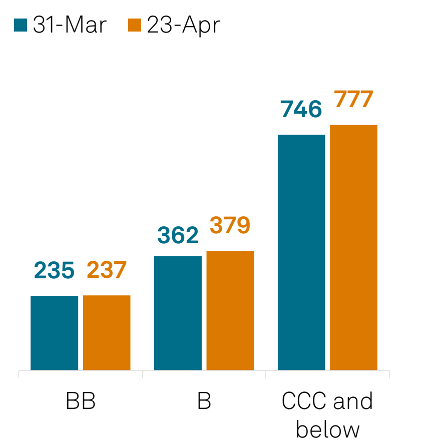
Global net bias (%)



Top new potential downgrades by sector



Spreads continue to rise at lower ratings



Data as of March 31, 2025. Net bias is the positive bias minus the negative bias (for both investment- and speculative-grade issuers). Note: Potential downgrades are issuers rated by S&P Global Ratings with a negative outlook or on CreditWatch negative. Cons. Prod.--Consumer Products. Teleco.--Telecommunications. EEMEA--Eastern Europe, Middle East, and Africa. APAC--Asia-Pacific. Latam--Latin America. Right chart: Five-year spreads data as of April 23, 2025, and March 31, 2025.
Source: S&P Global Ratings Credit Research & Insights.

Credit Notes: A Mixed Picture

For more accompanying data, click here

Ratings performance was largely resilient in the early months of 2025, however, there were signs of faltering momentum in March's forward-looking indicators, even before global trade tensions ratcheted up. Clearly one month does not represent a trend, but the divergence between actual upgrades and downgrades and potential future actions is a theme to watch as we progress through second-quarter 2025. Particularly against a backdrop of slower growth, heightened trade and geopolitical tensions, and elevated market volatility.

The rise in global net bias (positive bias minus negative bias) flatlined after 10 months of continued improvement--remaining at 4.9% in March. The improvement over the previous 10 months was largely driven by a reduction in negative bias, which declined 1.9 percentage points (ppts) over the period. However, this slowed in March, with the smallest decline in the past 12 months. Meanwhile, positive bias also declined for the fourth month in a row to reach its lowest level since October 2024.

The improvement in negative bias slowed largely because of 46 new potential downgrades in March (issuers rated by S&P Global Ratings with a negative outlook or on CreditWatch negative), which represents a 70% increase versus additions in February--and is the largest amount in the previous 12 months. New additions primarily came from retail (seven), utilities (seven), consumer products (six), and telecommunications (five), with these four sectors accounting for nearly 55%. While Europe accounted for the bulk of new potential downgrades in utilities, the remainder were concentrated in the U.S., with the country representing just under half of total new additions.

There were 46 new potential downgrades in March--which represents a 70% increase versus additions in February--and is the largest amount in the previous 12 months.

Rising star momentum has also shown signs of slowing, particularly in comparison to 2024, with just one last month. The year-to-date count (seven) is currently tracking below this time last year (10) while new fallen angels are in line with this time last year. There were also four new potential fallen angels last month--three of which were Spanish utilities--with the current overall count 63% greater than its potential rising star counterpart.

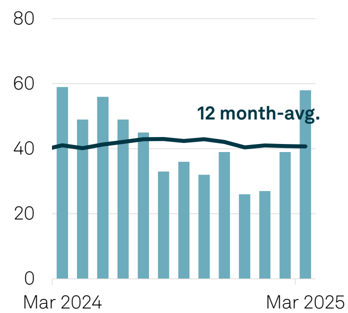
However, softness in rating performance trends was not universal. The number of weakest links continued to fall, reaching 218 in March--the lowest level since September 2022--while defaults were also well below comparable 2024 levels, with 26 in the year to date as of March 31, versus 37. Importantly, the deceleration in positive momentum comes after a period of largely positive rating performance. Upgrades continued to outnumber downgrades in March, with the run extending for the third month, although the number of downgrades (46) was the joint highest tally in nearly a year

The current overall count of potential fallen angels is 63% greater than its potential rising star counterpart.

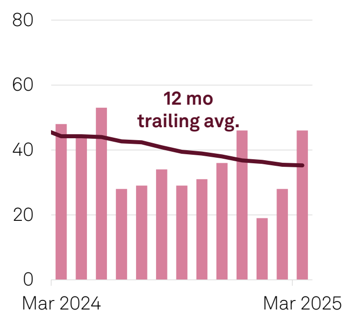
One month of slowing rating performance momentum does not necessarily signal a structural shift in the overall positive trend. Yet, on top of increasing financing costs and subdued primary market activity, it warrants closer inspection. Particularly, given the trade and market outlook--both regionally and globally--remain highly uncertain.

Ratings Trends Snapshot--Through March 31, 2025

Upgrades (no.)

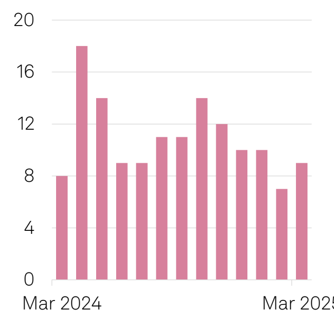


Downgrades (no.)

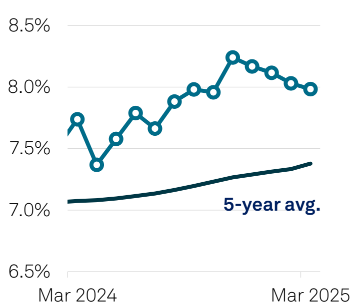


Downgrade ratio

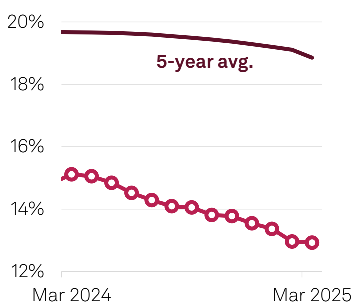
Defaults (no.)



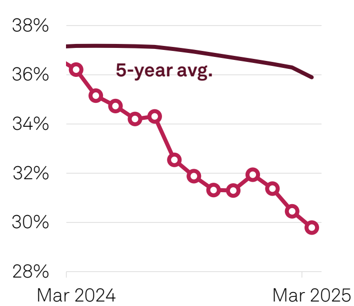
Positive bias



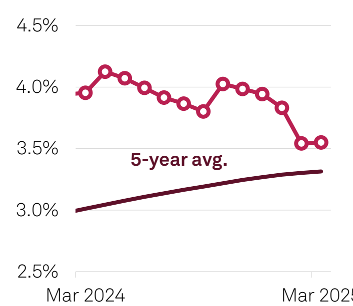
Negative bias



Negative bias 'B-' and lower



SG default rate



Data as of March 31, 2025. Data represents rating actions and biases for sovereign, financial, and nonfinancial corporate issuers globally. Downgrade counts exclude defaults. Defaults and the speculative-grade default rates exclude sovereigns. SG--Speculative-grade. Source: S&P Global Ratings Credit Research & Insights.

Credit Trends: Improving Bias Run Stalls

- The improving global net bias (positive minus negative bias) trend stalled in March, decreasing one basis point month over month to -4.94%, following 10 consecutive months of improvements.
- Negative bias (the percentage of issuers with ratings on negative outlooks or CreditWatch negative) improved very marginally to 12.92%. Meanwhile, positive bias (issuers with ratings on positive outlooks or CreditWatch positive) fell marginally for the fourth month in a row to 7.98% in March.
- By sector, chemicals, packaging, and environmental services retained the highest negative bias at 23.5%, although down from a peak of 25.9% in November 2024, followed by retail and restaurants at 20.6% (up for the fourth month in a row).
- Telecommunications saw the largest month-over-month increase in negative bias to 20.2% in March compared to the prior month. This was largely driven by U.S.-based issuers in the cable TV and satellite subsectors.

Telecommunications saw the largest month-over-month increase in negative bias to 20.2% in March compared to the prior month.

- The auto sector saw the greatest month-over-month decrease in negative bias, falling 5.4 ppts to 16.9%--driven by four downgrades and one default in Europe--after increasing the previous two months.
- Regionally, divergences in negative bias were evident. Eastern Europe, the Middle East, and Africa and Asia-Pacific saw limited deteriorations, North America held relatively steady, and Europe saw an improvement. North America remains the region with the highest percentage of issuers with ratings on a negative outlook or CreditWatch negative, at 14.6%.

The number of new potential downgrades was its highest in the past 12 months in March, and 70% greater than February (see chart 2). This was countered by a near-record number of removals from potential downgrades (of which 50% were the result of downgrades or defaults), although the four-month decline in overall potential downgrades softened.

Chart 2

Most new potential downgrades in 12 months

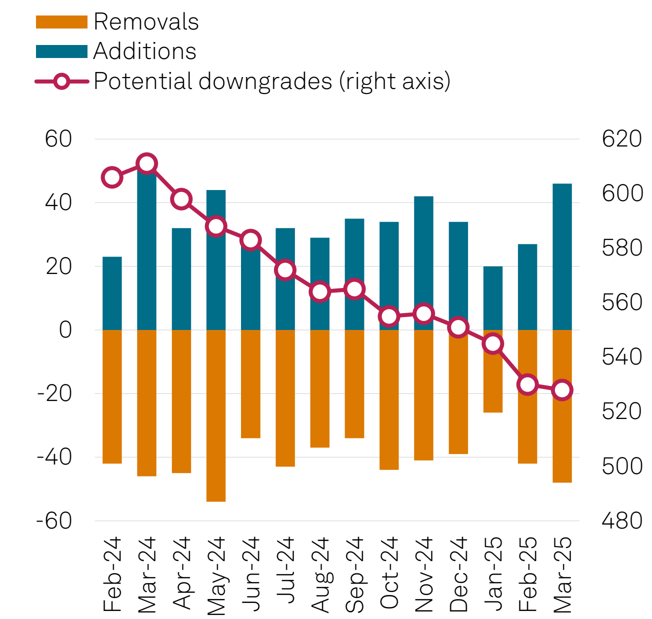
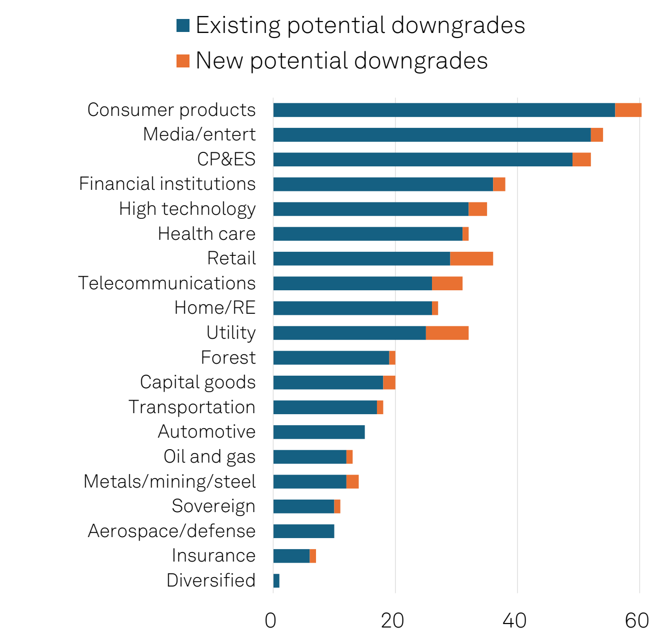


Chart 3

New additions concentrated in four sectors (no.)



Data as of March 31, 2025. Potential downgrade--An issuer rated by S&P Global Ratings with a negative outlook or on CreditWatch negative. CP&ES--Chemicals, packaging, and environmental services. Forest--Forest products and building materials. Home/RE--Homebuilders/real estate companies. Media/entert--Media and entertainment. Metals/mining/steel--Metals, mining, and steel. Retail--Retail and restaurants. Utility--Utilities. Source: S&P Global Ratings Credit Research & Insights.

Meanwhile, upgrade and downgrade trends remained constructive:

- Upgrades rose to 58 from 39 the month prior, representing a 49% increase. Upgrades were concentrated in the financial institutions (10), media and entertainment (seven), and utility sectors (six).
- By rated debt amount, last month's largest upgrade was U.S.-based aerospace and defense giant **General Electric Co.** (to 'A-' from 'BBB+') due to the company's successful spinoff of its power and health care businesses and strong demand for commercial aircraft and defense products. The company had $95.0 billion in outstanding rated debt at the end of March.

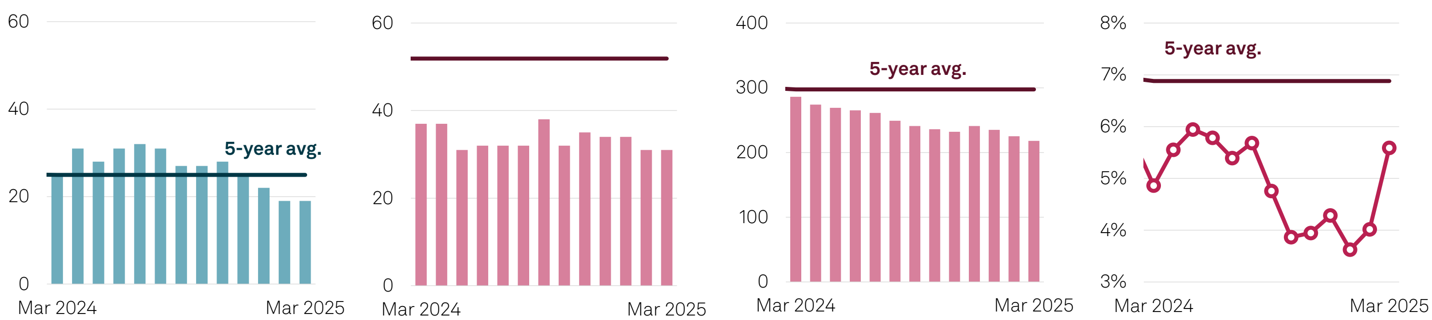
Upgrades rose to 58 from 39 the month prior, representing a 49% increase.

- Downgrades also increased to 46--the joint highest tally in nearly a year--up 64% from February. Downgrades were most pronounced in the consumer products, auto, and chemicals, packaging, and environmental services sectors.
- Europe saw the largest month-over-month increase in downgrades, more than doubling to 15 from just seven in February. It was the only region to see downgrades outpace upgrades, led by the auto sector.
- In March, 80% of auto downgrades came from Europe, and the sector accounted for over a quarter of the region's downgrades. These included global car maker **Stellantis N.V.**, which we downgraded to 'BBB' from 'BBB+' due to weaker margins and headwinds from U.S. tariffs. This was also the largest downgrade by rated debt amount, with $22.0 billion outstanding as of March 31, 2025.
- Two further downgrades in the top 10 by rated debt outstanding came from the auto sector; **Nissan Motor Co. Ltd.** and **FORVIA SE.**

Downgrades also increased to 46--the joint highest tally in nearly a year--up 64% from February.

Specific Credit Indicators--Through March 31, 2025

Potential rising stars (no.) Potential fallen angels (no.) Weakest links (no.) Distress ratio



Data as of March 31, 2025. Data represents sovereign, financial, and nonfinancial corporate issuers globally, except for S&P Global Ratings' U.S. distress ratio, which is defined as the number of U.S. speculative-grade issues with option-adjusted spreads of more than 1,000 basis points above U.S. Treasury bonds. Source: S&P Global Ratings Credit Research & Insights.

Fallen angels: Two issuers became fallen angels in March. The first was Nordic-based owner, developer, and manager of urban grocery store-anchored shopping centers, **Citycon Oyj**; downgraded on weaker credit metrics despite asset disposals. The second was Estonia-based vertically integrated energy company, **Eesti Energia AS**; downgraded on elevated leverage expectations.

There were four new potential fallen angels last month, including three Spanish gas distributors, for which we revised the rating outlooks to negative on regulatory reset risk and deleveraging challenges. The fourth was the sovereign rating on **Emirate of Sharjah**, for which we revised the outlook to negative on rising fiscal risks.

Rising stars: There was one rising star in March; Italy-based payment services provider, **Nexi SpA**, upgraded on a positive deleveraging trajectory supported by revenue prospects and solid cash generation.

There were two new potential rising stars, both based in Europe. We revised the outlook on the third-largest automaker in Europe by number of cars sold, **Renault S.A.**, to positive on strong free cash flow prospects. The second was specialty seamless steel tube producer, **Vallourec**, which primarily caters to the oil and gas, and petrochemicals sectors; our outlook revision to positive reflected the increasing resilience of the business model as its multi-year transformation plan comes to an end.

Weakest links: The number of weakest links--issuers rated 'B-' or lower with negative outlooks or on CreditWatch negative--fell by seven to 218 as of March 31, and was significantly below the five-year average of 297. This is the second highest monthly decline in weakest links since September 2024. Consequently, the share of weakest links as a percentage of speculative grade issuers fell to 9.8% versus 10.2% in February and the five-year average of 12.4%.

The number of weakest links fell by seven to 218 as of March 31, and was significantly below the five-year average of 297.

Last month, 60% of removals from weakest links were due to outlook revisions or rating changes, the remaining 40% were due to defaults and rating withdrawals.

There were eight additions to weakest links last month, with half from consumer products and capital goods. Both capital goods issuers were upgraded to 'CCC+' from selective default (SD) on restructuring while both consumer products issuers were downgraded to 'B-' with negative outlooks on weaker liquidity and credit metrics. Consumer products, chemicals, packaging, and environmental services, and media and entertainment accounted for the highest proportion of weakest links at the end of March, at 37%--highlighting the higher default risk for these sectors. Combined with high technology and health care, the five sectors accounted for nearly 60% of the total.

Distress ratio: The U.S. distress ratio spiked to 5.59% in March from 4.02% in February, likely reflecting significant macroeconomic uncertainty. While the ratio remains 1.29 ppts below the five-year average of 6.88%, the gap narrowed from 2.91 ppts in February and likely rose sharply again in April due to escalating trade tensions and market volatility.

In line with the rise in the overall ratio, nearly all sectors experienced a rise in their distress ratios from February.

In line with this trend, nearly all sectors experienced a rise in their distress ratios from February, with the largest increases observed in forest products and building materials (6.4 ppts), high technology (5 ppts), and chemicals, packaging, and environmental services (3.9 ppts). Sharply higher tariffs are a top concern for U.S. corporate borrowers, given they would lift input prices at a time when companies are grappling with already-elevated costs, the diminished ability to pass them through, and fewer supply-chain mitigants (see: "Global Credit Conditions Special Update: Ongoing Reshuffling," published April 11, 2025, on RatingsDirect).

Defaults: Corporate defaults increased to nine in March, from seven in February. The default count reached 26 in the year to date, versus 37 in first-quarter 2024. For the first time since first-quarter 2022, the total is below the five-year average of 29.

Similarly to 2024, the three sectors that accounted for most defaults (46%) in first-quarter 2025 were consumer products (five), media and entertainment (four), and health care (three). Four of the nine defaults in March occurred in the high technology and retail and restaurant sectors. Despite declining interest rates, issuers in these sectors still face higher refinancing costs on average.

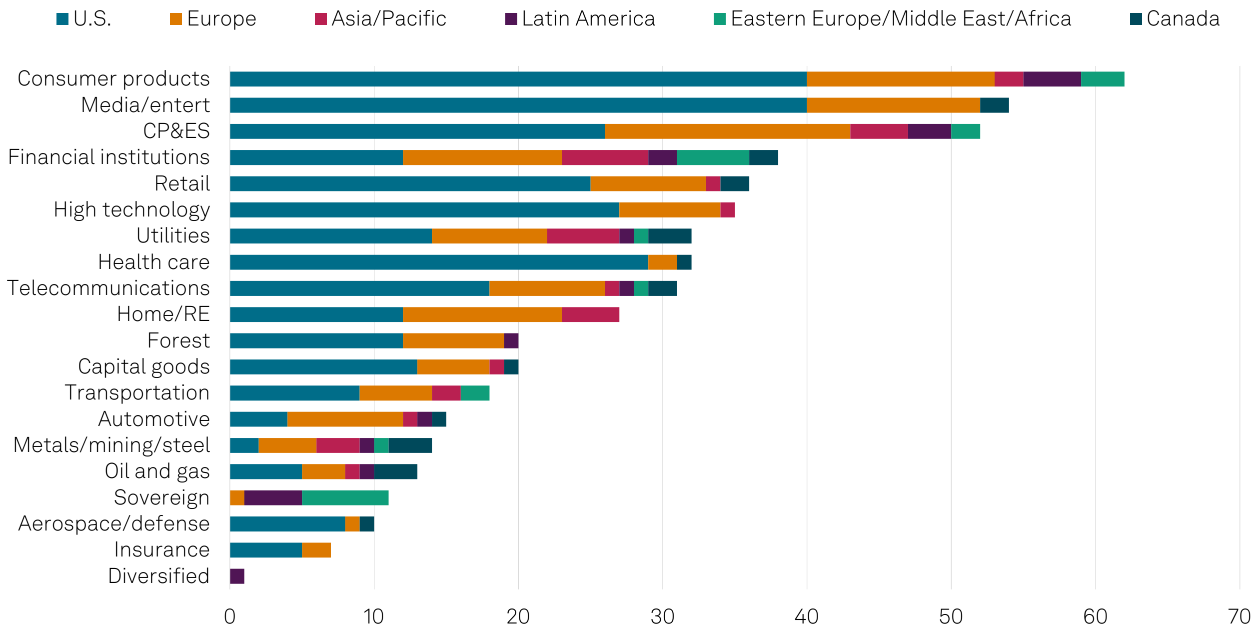
Global and regional default rates have continued their downward trend. However, trade tensions are threatening previously favorable credit conditions for most borrowers. Market volatility and increasing investor risk aversion pose the most imminent risks to credit in the current environment. Borrowers must pay up for financing and some lower-rated issuers could be shut out of the capital markets. While we have not updated our base-case default projections yet, defaults could trend closer to our pessimistic scenario if U.S. tariff rates remain elevated. Our current pessimistic scenario includes default rates of 6.00% in the U.S. and 6.25% in Europe by December 2025, compared with our baseline forecasts of 3.50% and 3.75%, respectively.

While we have not updated our base-case default projections yet, defaults could trend closer to our pessimistic scenario if U.S. tariff rates remain elevated.

For more data and charts on fallen angels, potential fallen angels, rising stars, potential rising stars, weakest links, and the U.S. distress ratio, please see the related publication: "This Month In Credit: 2025 Data Companion."

Chart 4

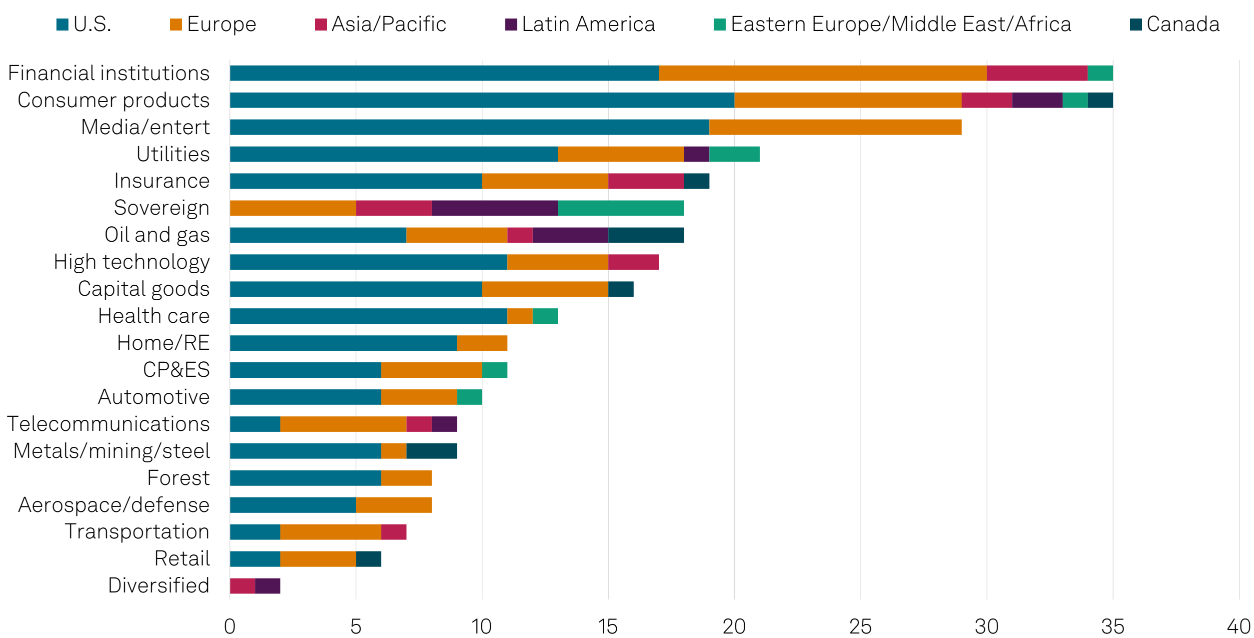
Potential downgrades by sector (no.)



Data as of March 31, 2025. CP&ES--Chemicals, packaging, and environmental services. Forest--Forest products and building materials. Home/RE--Homebuilders/real estate. Retail--Retail and restaurants. Media/entert--Media and entertainment. Source S&P Global Ratings Credit Research & Insights.

Chart 5

Potential upgrades by sector (no.)



Data as of March 31, 2025. CP&ES--Chemicals, packaging, and environmental services. Forest--Forest products and building materials. Home/RE--Homebuilders/real estate. Retail--Retail and restaurants. Media/entert--Media and entertainment. Source S&P Global Ratings Credit Research & Insights.

Table 1

Top 10 downgrades in March 2025

Issuer	Sector	Date	To	From	Country	Amount (bil. $)
Stellantis N.V.	Auto	3/6/2025	BBB	BBB+	Netherlands	22.0
ARD Finance S.A. (ARD Securities Finance S.a r.l.)	Chemicals, packaging, and environmental services	3/21/2025	CC	CCC-	Luxembourg	15.2
Telus Corp.	Telecommunications	3/3/2025	BBB-	BBB	Canada	15.1
Brookfield Property Partners L.P. (Brookfield Corp.)	Homebuilders/real estate companies	3/27/2025	BB-	BB	Bermuda	12.2
Nissan Motor Co. Ltd.	Auto	3/7/2025	BB	BB+	Japan	10.9
Alliant Energy Corp.	Utilities	3/5/2025	BBB+	A-	U.S.	9.8
FORVIA SE	Auto	3/6/2025	BB-	BB	France	7.5
ELO	Retail/restaurants	3/6/2025	BB-	BB	France	5.5
Polaris Parent LLC	High technology	3/17/2025	CCC+	B-	U.S.	5.4
LG Chem Ltd.	Chemicals, packaging, and environmental services	3/4/2025	BBB	BBB+	Korea, Republic of	4.8

Data as of March 31, 2025. Excludes defaults. Table shows 10 largest issuer downgrades, excluding defaults, by debt amount (rated only). Source: S&P Global Ratings Credit Research & Insights.

Table 2

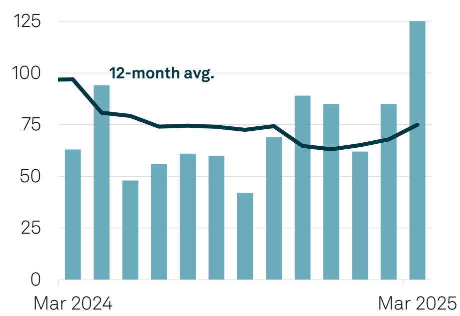
Top 10 upgrades in March 2025

Issuer	Sector	Date	To	From	Country	Amount (bil. $)
General Electric Co.	Aerospace and defense	3/25/2025	A-	BBB+	U.S.	90.5
Bausch Health Cos. Inc.	Health care	3/19/2025	B-	CCC+	Canada	45.7
Lumen Technologies Inc.	Telecommunications	3/3/2025	B-	CCC+	U.S.	35.4
Carnival Corp.	Media and entertainment	3/25/2025	BB+	BB	Panama	25.1
Williams Cos. Inc. (The)	Utilities	3/18/2025	BBB+	BBB	U.S.	22.8
Banco de Sabadell S.A.	Financial institutions	3/27/2025	A-	BBB+	Spain	15.8
Carrier Global Corp.	Forest products and building materials	3/5/2025	BBB+	BBB	U.S.	12.8
Welltower Inc.	Homebuilders/real estate companies	3/28/2025	A-	BBB+	U.S.	11.7
Baker Hughes Co.	Oil and gas	3/26/2025	A	A-	U.S.	10.6
Carvana Co.	Auto	3/13/2025	B	B-	U.S.	9.9

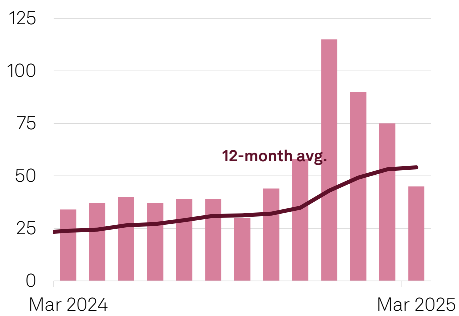
Data as of March 31, 2025. Table shows 10 largest issuer upgrades by debt amount (rated only). Source: S&P Global Ratings Credit Research & Insights.

U.S. Public Finance Ratings Trends Snapshot--Through March 31, 2025

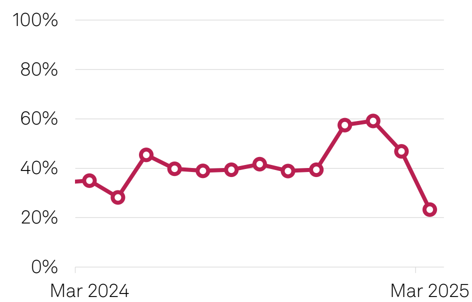
Upgrades (no.)



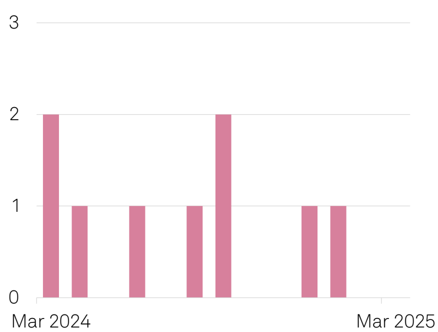
Downgrades (no.)



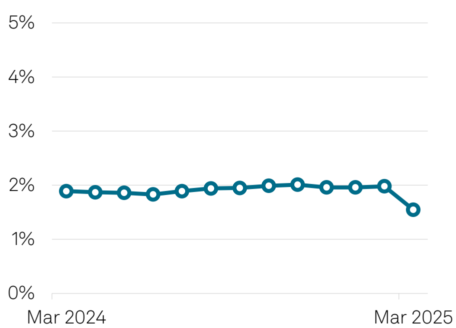
Downgrade ratio



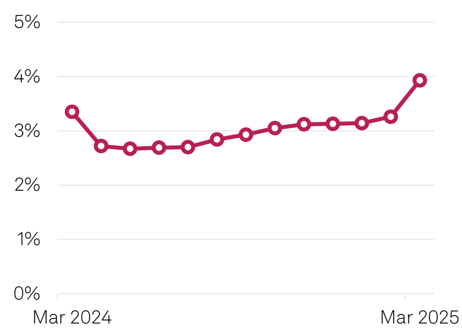
Defaults (no.)



Positive bias



Negative bias



Data as of March 31, 2025. The U.S. public finance data included in this report is based on S&P Global Ratings' default study data sets and may differ slightly from other sources of U.S. public finance data. Data represents rating actions and biases for U.S. public finance issuers. Downgrade counts exclude defaults. Source: S&P Global Ratings Credit Research & Insights.

U.S. public finance rating trends:

- U.S. public finance (USPF) upgrades outpaced downgrades in March, marking the second month of this trend. The ratio of month-over-month downgrades among all rating actions fell sharply, to 23% from 47%, with downgrades falling to 45 in March from 75 in February.
- Fallen angels fell to four in March, from five in February, and there were two rising stars, up from zero.
- The overall negative bias for USPF rose to 3.9% from 3.3%. Positive bias rose for all sectors except local governments. Given the size of that sector, it drove down overall positive bias for USPF to 1.5% from 2.0%.
- There were no defaults among USPF obligors for the second month in a row. The year-to-date total is one.
- There was one state rating change in March, the first in 2025, when we upgraded Oklahoma to 'AA+' from 'AA' due to consistently positive financial results and management's commitment to the structural stability of its finances. For more information, see "Oklahoma Issuer Credit Rating Raised To 'AA+' On Sustained Financial Stability," published March 26, 2025.

Related Research

- Global Financing Conditions: Peak Uncertainty Leaves A Range Of Projections For Issuance, April 28, 2025
- Global Refinancing: Uncertain Conditions Heighten Maturity Risk, April 28, 2025
- Default, Transition, and Recovery: Corporate Default Forecasts Maintained, But Risks Are Rising, April 25, 2025
- ESG In Credit Ratings Q1 2025: As Rating Activity Picks Up, Negative Actions Continue To Dominate, April 21, 2025
- CreditWeek: How Will Credit Conditions Evolve Amid Market Volatility And Investor Risk Aversion?, April 17, 2025
- Credit Conditions North America Special Update: Tariff Turmoil, April 17, 2025
- Default, Transition, and Recovery: Trade Tensions Could Reverse Decline In Corporate Defaults, April 16, 2025
- Emerging Markets Monthly Highlights: U.S. Tariffs Cast A Cloud Over Economic Growth, April 16, 2025
- Credit Conditions Asia-Pacific Special Update: U.S.-China Ties In Uncharted Territory, April 15, 2025
- Global Credit Conditions Special Update: Ongoing Reshuffling, April 11, 2025
- Ratings Performance Insights Q1 2025: A Solid Start, April 10, 2025
- Default, Transition, and Recovery: 2024 Annual Global Corporate Default And Rating Transition Study, March 27, 2025
- Default, Transition, and Recovery: 2024 Annual Global Sovereign Default And Rating Transition Study, March 24, 2025

Glossary And Abbreviations

Downgrade ratio--The number of downgrades divided by the number of downgrades plus upgrades.

Fallen angels--Issuers downgraded to speculative-grade from investment-grade.

Investment-grade--Issuers rated 'BBB-' or above.

Negative bias--Percentage of issuers with negative outlooks or ratings on CreditWatch negative.

Net outlook bias--Percentage of issuers with a positive bias minus those with a negative bias.

OLCW--Outlooks and CreditWatch placements.

Positive bias--Percentage of issuers with positive outlooks or ratings on CreditWatch positive.

Potential downgrade--An issuer rated by S&P Global Ratings with a negative outlook or on CreditWatch negative.

Potential fallen angels--Issuers rated 'BBB-' with either negative outlooks or on CreditWatch negative.

Potential upgrade--An issuer rated by S&P Global Ratings with a positive outlook or on CreditWatch positive.

Rising stars--Issuers upgraded to investment-grade from speculative-grade.

Risky credits--Issuers in the ‘CCC’ rating category.

Speculative-grade--Issuers rated 'BB+' or below.

S&P Global Ratings' U.S. distress ratio--The proportion of speculative-grade issues with option-adjusted spreads of more than 1,000 basis points relative to U.S. Treasury bonds divided by the total number of speculative-grade issues.

Weakest links--Issuers rated 'B-' and below with either negative outlooks or on CreditWatch negative.

Weakest links ratio--The number of weakest links divided by the total speculative-grade ratings population.

Research Contributors

Zev Gurwitz
New York

Amol Nakashe
Mumbai

Suresh Kasa
Mumbai