

This Week In Credit

Retail and Restaurants: Rising Negative Bias

S&P Global
Ratings

This report does not constitute a rating action.

May 19, 2025

Key Takeaways

- Downgrades outnumbered upgrades for the third consecutive week, despite an uptick in the latter. Credit deterioration remained concentrated in speculative-grade--all downgrades (but one) and most negative outlooks and CreditWatch placements. More than half of the downgrades are in three sectors: health care, media and entertainment, and consumer products.
- The retail and restaurants sector now has the most negative net outlook bias following several negative rating actions--all on U.S.-based speculative-grade issuers--including one selective default.
- Last week, three out of four defaults were in Europe. Reasons for defaults were evenly split between distressed exchanges and missed payments, bringing this year's total to 43, or around 25% fewer than at this time in 2024.

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Ratings performance trends

Arrows indicate week over week trend ↗ ↘

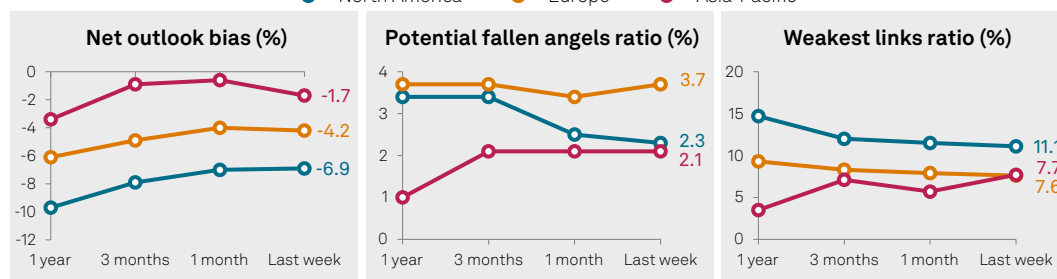
Positive ■ No change ■ Negative ■

Rating actions				Rating transitions			
Upgrades	Downgrades	Positive OLCW changes	Negative OLCW changes	Rising stars	Fallen angels	Risky credits	Defaults
9 ↗	12 ↗	9 ↗	19 ↗	0 ↘	0 →	3 →	4 ↘

Industries most at risk			U.S. distress ratio (%)
Net outlook bias (%)	Potential fallen angels	Weakest links	
-18.5 Retail/restaurants ↘	6 Utilities →	35 Consumer products ↗	5.8 ↘

Ratings at a glance

— North America — Europe — Asia-Pacific

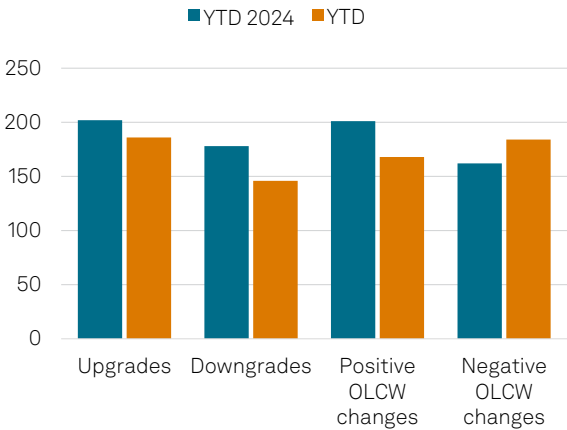


Data as of May 15, 2025. Note: Weekly rating actions, weekly transitions, and industries most at risk are all global data. Data excludes structured and public finance. Upgrades and downgrades exclude no-debt corporate rating actions and confidential rating actions. Downgrades exclude transitions to default. Defaults from confidential issuers are included in the default tally. As shown in the "Ratings at a glance" graphic all points reference historical point in time data. OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Year To This Week

Chart 1

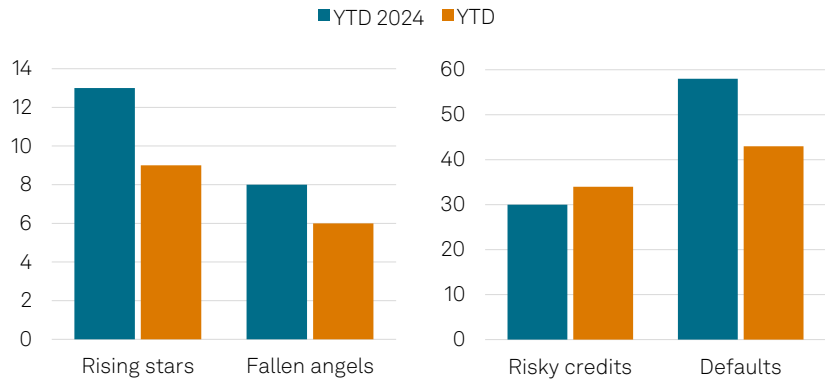
Rating actions
Year-to-date total



Data as of May 15, 2025. (2024 data is through May 9).
YTD--Year to date. OLCW--Outlook/CreditWatch.
Source: S&P Global Ratings Credit Research & Insights.

Chart 2

Rating transitions
Year-to-date total

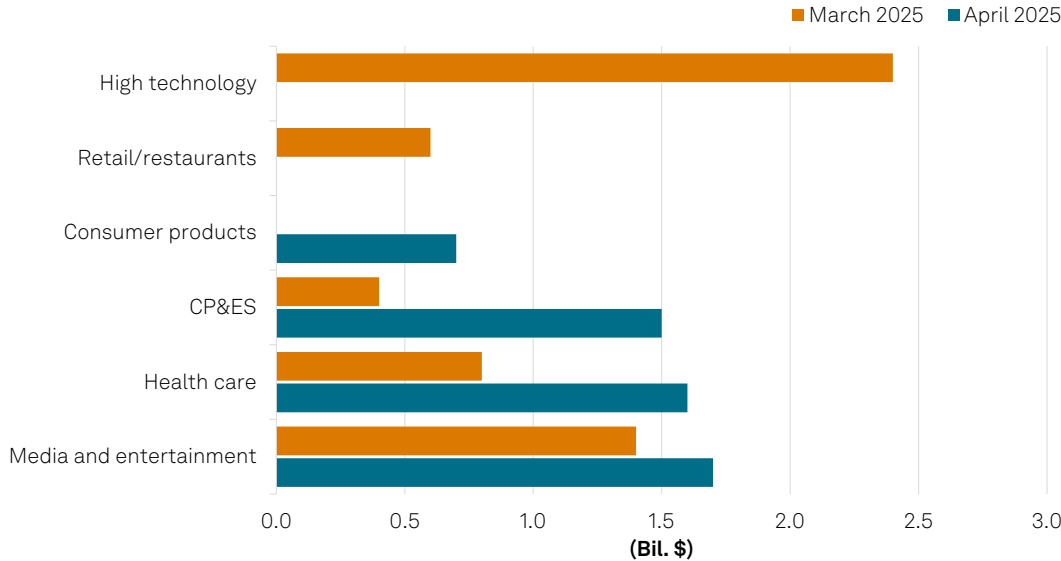


Data as of May 15, 2025. (2024 data is through May 9).
YTD--Year to date.
Source: S&P Global Ratings Credit Research & Insights.

Chart Of The Week

Chart 3

Media and entertainment and health care accounted for most defaulted debt in April



Data as of April 30, 2025. Data have been updated to reflect confidential issuers. Defaulted debt is the volume of debt upon which the issuer defaulted at the issuer level. CP&ES--Chemicals, packaging, and environmental services. This includes debt rated by S&P Global Ratings at the time of default. This chart was first published in " [Default, Transition, and Recovery: Corporate Defaults Fall Below Long-Term Average](#) " on May 14, 2025. Source: S&P Global Ratings Credit Research & Insights.

Related Research

- [Credit Trends: U.S. Corporate Bond Yields As Of May 14, 2025](#), May 8, 2025
- [Default, Transition, and Recovery: Corporate Defaults Fall Below Long-Term Average](#), May 14, 2025
- [Global Credit Conditions Special Update: U.S.-China Tariff De-Escalation Brings Some Temporary Relief](#), May 15, 2025

Upcoming Webinars

- [Asia-Pacific Automakers To Drive Through Rough Terrain](#), May 20, 2025

Credit Market Conditions

Chart 4

North America 1-month credit VIX

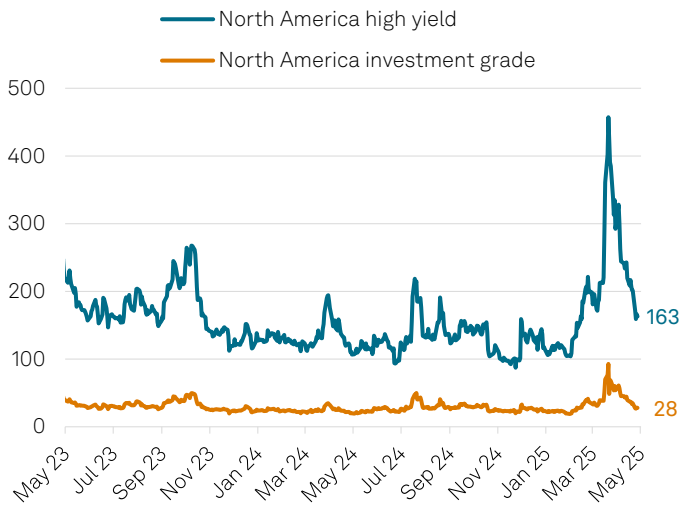
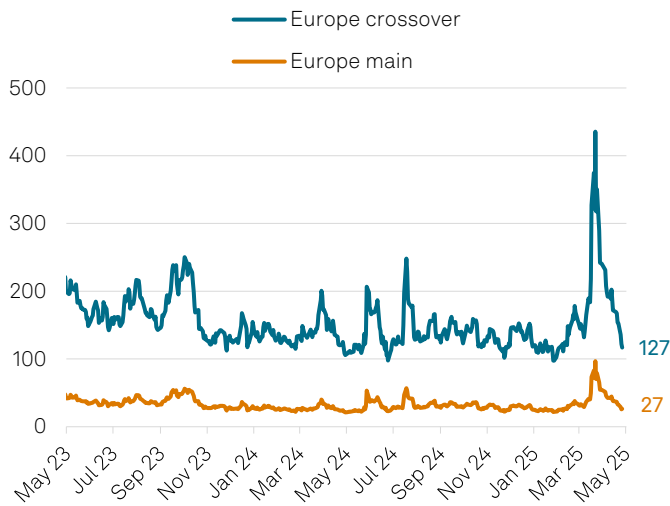


Chart 5

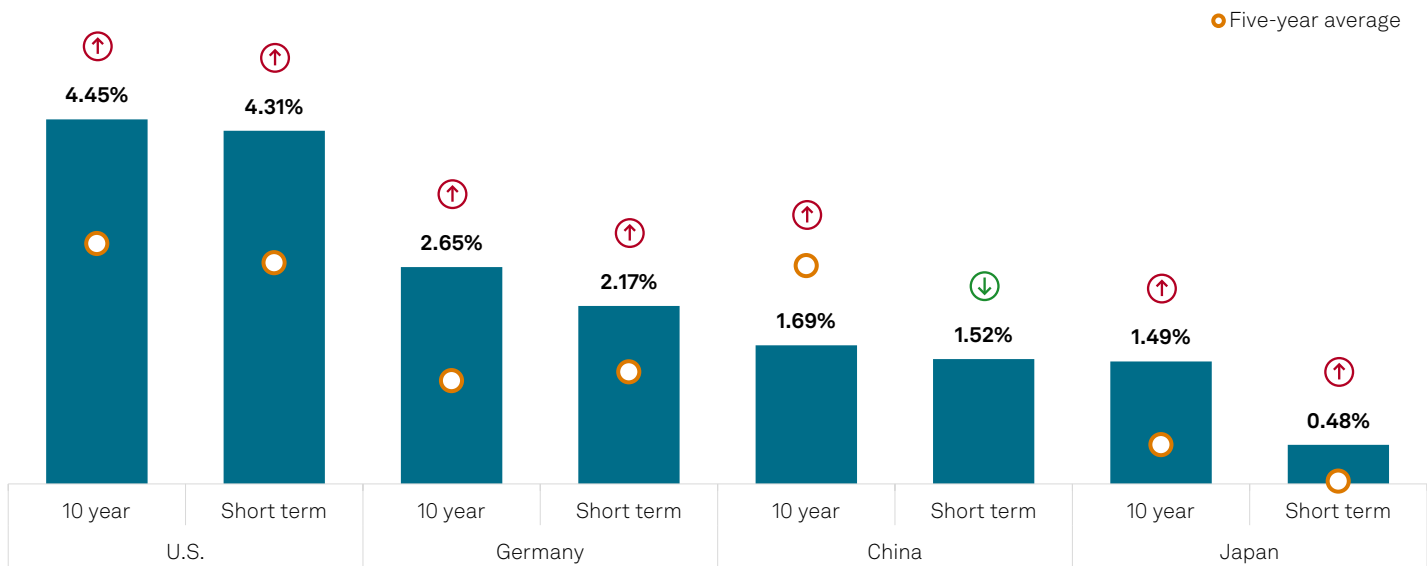
Europe 1-month credit VIX



Data as of May 15, 2025. Note: Europe Crossover--iTraxx/Cboe Europe Crossover 1-Month Volatility Index (BP Volatility); Europe Main--iTraxx/Cboe Europe Main 1-Month Volatility Index (BP Volatility); NA HY--CDX/Cboe NA High-yield 1-Month Volatility Index (BP Volatility); NA IG--CDX/Cboe NA Investment-grade 1-Month Volatility Index (BP Volatility). The launch date of the indices was October 13, 2023. All information for an index prior to its Launch Date is hypothetical back-tested, not actual performance, based on the index methodology in effect on the Launch Date. Source: S&P Dow Jones Indices LLC.

Chart 6

Benchmark yields



Data as of May 15, 2025. Short-term rates: U.S., SOFR; Germany, euro short-term rate; China, DR007; and Japan, uncollateralized overnight call rate. Sources: S&P Global Ratings Credit Research & Insights, Refinitiv, ICE Data Indices, Federal Reserve Bank of St. Louis. Economics & Country Risk, S&P Global Market Intelligence.

Chart 7

Secondary market credit spreads

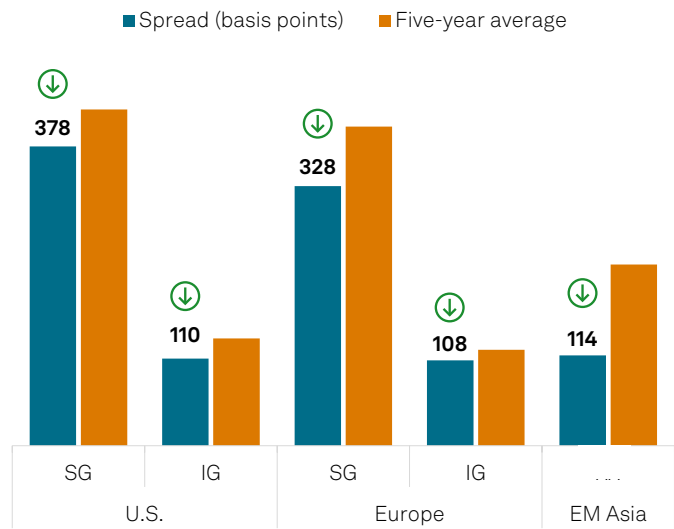
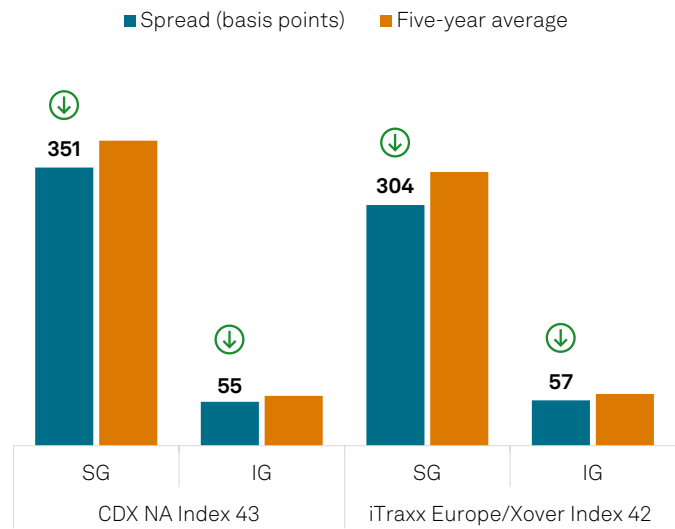


Chart 8

CDS pricing



Data as of May 15, 2025. The arrows indicate weekly trends. SG--Speculative-grade. IG--Investment-grade. EM--Emerging market. Sources: S&P Global Ratings Credit Research & Insights, ICE Data Indices LLC, ICE BofA Euro High-Yield Index Option-Adjusted Spread, retrieved from the Federal Reserve Bank of St. Louis, S&P Dow Jones Indices.

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Table 1

Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
May. 15, 2025	Upgrade	American International Group Inc.	Insurance	U.S.	A-/Stable	BBB+/Positive	35,528
May 14, 2025	Upgrade	Altria Group Inc.	Consumer products	U.S.	BBB+/Stable	BBB/Positive	29,975
May 9, 2025	Downgrade	CDK Global II LLC	Media and entertainment	U.S.	B-/Stable	B+/Negative	9,678
May 12, 2025	Downgrade	Vestis Corp.	Consumer products	U.S.	B+/Negative	BB-/Negative	1,800
May 12, 2025	Downgrade	Herschend Entertainment Company LLC	Media and entertainment	U.S.	B+/Stable	BB-/Stable	1,683
May 13, 2025	Downgrade	Compass Group Diversified Holdings LLC	Financial institutions	U.S.	B-/Watch Neg	B+/Stable	1,300
May 9, 2025	Upgrade	Hudbay Minerals Inc.	Metals, mining and steel	Canada	B+/Stable	B/Stable	1,200
May 13, 2025	Downgrade	Neogen Corporation	Health care	U.S.	BB-/Negative	BB+/Stable	1,000
May 14, 2025	Downgrade	Leslie's Poolmart Inc.	Retail/restaurants	U.S.	B-/Negative	B/Stable	810
May 14, 2025	Downgrade	Lakeshore Learning Materials LLC	Consumer products	U.S.	B-/Negative	B/Stable	730

Data as of May 15, 2025. Note: Rating actions include financial and nonfinancial corporates and sovereign issuer credit ratings. Excludes no-debt corporate rating actions and confidential rating actions. *Long-term issuer credit rating/outlook or CreditWatch status. Downgrades exclude defaults. Source: S&P Global Ratings Credit Research & Insights.

Table 2

Last week's rising stars and fallen angels

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
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No fallen angel or rising star this week

Data as of May 15, 2025. Note: Rising stars--Issuers upgraded to investment-grade from speculative-grade. Fallen angels--Issuers downgraded to speculative-grade from investment-grade. Rating actions include financial and nonfinancial corporates and sovereign issuer credit ratings. Excludes no-debt corporate rating actions and confidential rating actions. *Long-term issuer credit rating/outlook or CreditWatch status. Source: S&P Global Ratings Credit Research & Insights.

Table 3

Last week's defaults

Date	Parent company	Subsector	Country	To	From	Reason
May 12, 2025	Colisee Group SAS	Health Care	France	SD	CCC-	Missed payment
May 13, 2025	Castle Intermediate Holding V Limited	Media & Entertainment	U.K.	D	CCC-	Distressed exchange
May 15, 2025	Mountaineer Merger Corporation	Retail/Restaurants	U.S.	SD	CCC+	Missed payment
May 15, 2025	Standard Profil Automotive GmbH	Automotive	Germany	SD	CCC-	Distressed exchange

Data as of May 15, 2025. Excludes local currency defaults. Preliminary data. SD--Selective default. D--Default. Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

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Glossary And Abbreviations

Ratings Performance Trends

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

Investment-grade (IG)--Issuers rated 'BBB-' or above.

Negative bias--Percentage of issuers with a negative outlook or on CreditWatch.

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 a positive outlook or CreditWatch placement.

Potential fallen angels--Issuers rated 'BBB-' with either a negative outlook or CreditWatch placement.

Potential fallen angel ratio--The number of potential fallen angels divided by the population of issuers rated in the 'BBB' category.

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

Risky credits--Issuers in the 'CCC' rating category.

Speculative-grade (SG)--Issuers rated 'BB+' or below.

U.S. distress ratio--Proportion of speculative-grade issues with option-adjusted composite spreads of more than 1,000 basis points relative to U.S. Treasury bonds.

Weakest links--Issuers rated 'B-' and below with either a negative outlook or CreditWatch placement.

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

Credit Market Conditions

CDS--Credit default swaps.

DR007--Seven-day repurchase rate for depository institutions.

SOFR--Secured overnight financing rate.

Note: For definitions of ratings, outlooks, CreditWatch status, and other credit terms, see: "S&P Global Ratings Definitions."

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