

The Ratings View

June 12, 2025

This report does not constitute a rating action.

Key Takeaways

- Downgrades have been rapidly outpacing upgrades for the last six weeks.
- The net-zero transition is stuttering as more immediate concerns take precedence.
- Smartphones and PCs are most exposed to U.S.-Asia technology tariff risk.

Downgrades outnumbered upgrades for the sixth consecutive week, cumulatively exceeding upgrades by nearly 60% over the period. However, positive outlooks and CreditWatch placements were at least double the negative ones for the second week in a row. Downgrades mainly affected speculative-grade issuers, across 10 different sectors, including six issuers rated 'B-' or below and one new risky credit (an issuer in our 'CCC' category). Meanwhile, upgrades were in four sectors, mostly involving investment-grade issuers. Last week there were three defaults, each in a different sector and all due to distressed exchanges, bringing the annual total to 55.

[This Week In Credit: Net Downgrades Streak Continues](#)

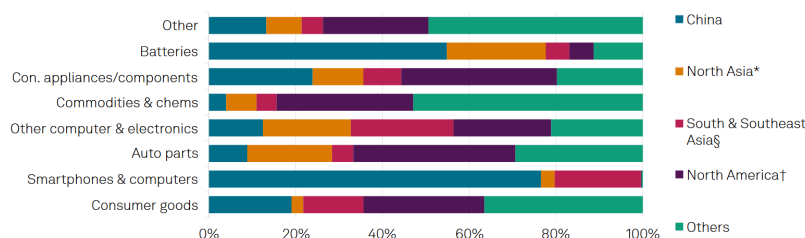
Sustainability has taken a backseat as policymakers are increasingly focusing on immediate security, jobs, and affordability issues. Weaker climate policy commitments and trade tariffs will slow progress toward net zero, with less public funding available to derisk net-zero technologies and emerging markets. This reduces private sector incentives to invest in clean technologies. Asia-Pacific (APAC)--particularly China--and the EU will continue to lead the development and adoption of clean technologies. Yet diverging industrial and trade policies will likely continue to create tensions.

[Economic Research: Net-Zero Transition Stutters As Geoeconomic Risks Increase](#)

Smartphones and PCs are the most exposed to U.S. tariff risk among tech companies that produce in Asia. This is because these segments rely heavily on tariff-vulnerable markets to produce; and the U.S. market makes up a third of global PC shipments for some Asia producers. We think companies can pass on at least some of the cost to end-buyers. Many have also diversified their supply chains in recent years, which also acts as a shield.

China accounts for the majority of laptops and iPhones manufacturing

U.S. imports by category and country



*North Asia includes Japan, Taiwan, and South Korea. §South & Southeast Asia includes Malaysia, Vietnam, Thailand, and India. †North America includes Canada and Mexico. Con.--Consumer. Sources: U.S. Interactive Tariff and Trade, U.S. Census Bureau, S&P Global Ratings.

[Tariff Disruption In Asia Tech: Vietnam And India Are Key Markets To Watch Outside Of China](#)

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Asset Class Highlights

Corporates

Notable publications include:

- [China Auto Brief: Increasing Scrutiny Can't Stanch Margin Decay](#)
- [Credit FAQ: What New World's Wobbles Mean For Hong Kong Developers, Banks](#)
- [SLIDES: North America Investor-Owned Regulated Utilities: How Credit Stories Have Evolved](#)
- [India Inc.'s Spending Spree Will Likely Pay Off](#)
- [Tariff Disruption In Asia Tech: Vietnam And India Are Key Markets To Watch Outside Of China](#)
- [Policy Brief: China Aims To Put Market Back At Center Of Economy](#)
- [CreditWeek: Will Tariffs Total Automakers Credit Quality?](#)
- [For U.S. Power Sector, Big Beauty Meets Big Reality](#)

Financial Institutions

Notable publications include:

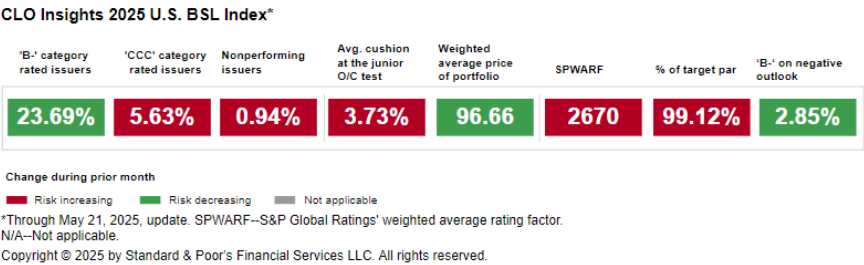
- [Research Update: Wells Fargo & Co. Outlook Revised To Positive From Stable On Asset Cap Removal; Ratings Affirmed](#)
- [Research Update: Spain-Based Servicios Financieros Carrefour Assigned 'BBB-' Long-Term Rating; Outlook Stable](#)
- [Research Update: Arab Bank \(Bahrain\) Outlook Revised To Negative Following Same Action On Sovereign; Affirmed At 'B+/B'](#)
- [Australian Banks Want Borrowers Back--And Mortgage Brokers Out Of The Way](#)
- [Banking Brief: Unpacking Proposed Revisions To Switzerland's Too-Big-To-Fail Framework](#)

Sovereign

- [Slovenia Long-Term Ratings Raised To 'AA' On Strong Public Finances And Sustained Growth; Outlook Stable](#)
- [Brazil 'BB/B' Ratings Affirmed; Outlook Remains Stable](#)
- [Credit FAQ: Ireland Trade Tremors: Four Questions, Four Answers](#)

Structured Finance

- U.S. CLO:** On June 3, 2025, we published "[SF Credit Brief: CLO Insights 2025 U.S. BSL Index: Tariff-Related Rating Actions Begin To Weigh On CLO Metrics](#)".



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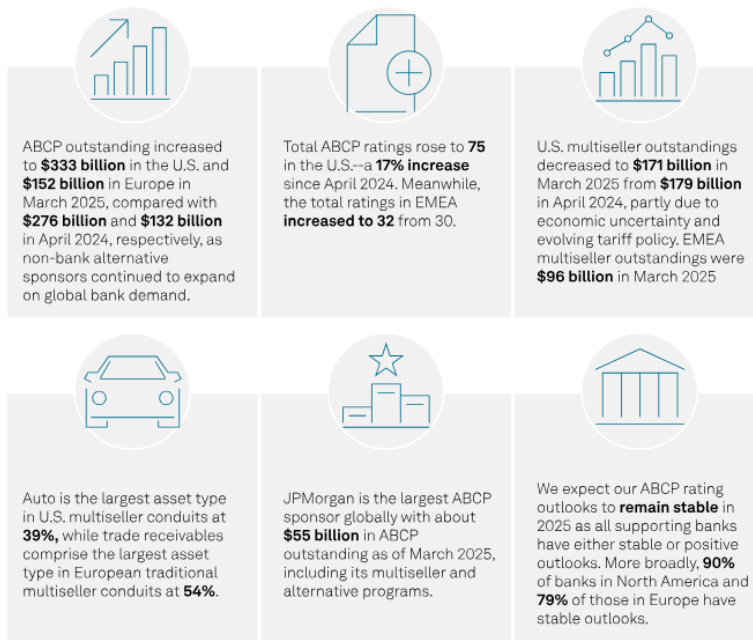
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- **Global ABCP:** See "[Inside Global ABCP 2025: A New Purpose Emerges](#)" published June 4, 2025.

Inside ABCP 2025 global trends

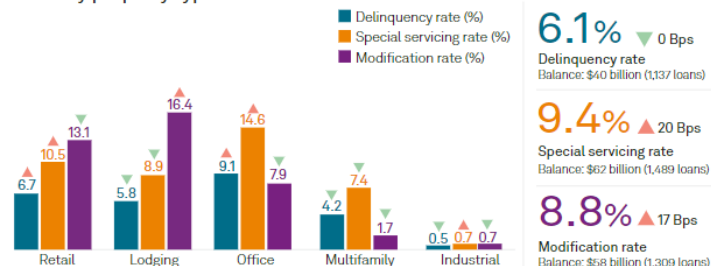


Source: S&P Global Ratings.
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U.S. CMBS:

U.S. CMBS - May 2025 key insights

Rates by property type



Note: Arrows indicate directional change in rate compared to the previous month.
BPS--Basis points. Source: S&P Global Ratings.
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- See "[SF Credit Brief: U.S. CMBS Delinquency Rate Remained Unchanged At 6.1% In May 2025; Multifamily Rate Dropped To 4.2%](#)" published June 3, 2025.
- **U.S. Auto ABS:** Here are a couple "Key Takeaways" from a recent commentary:
 - In April 2025, we observed improved performance for U.S. auto loan ABS as the losses continued to decrease month over month.
 - The prime annualized losses showed a significant month over month decline of 15 basis points (bps) to 54 bps from 69 bps mainly due to significantly higher recoveries, which increased to 68.89% from 61.32%. This is the highest recovery rate for prime since March 2023 (69.26%). However, 60-plus-day delinquencies showed a slight increase of three bps to 54 bps from 51 bps. On a year-over-

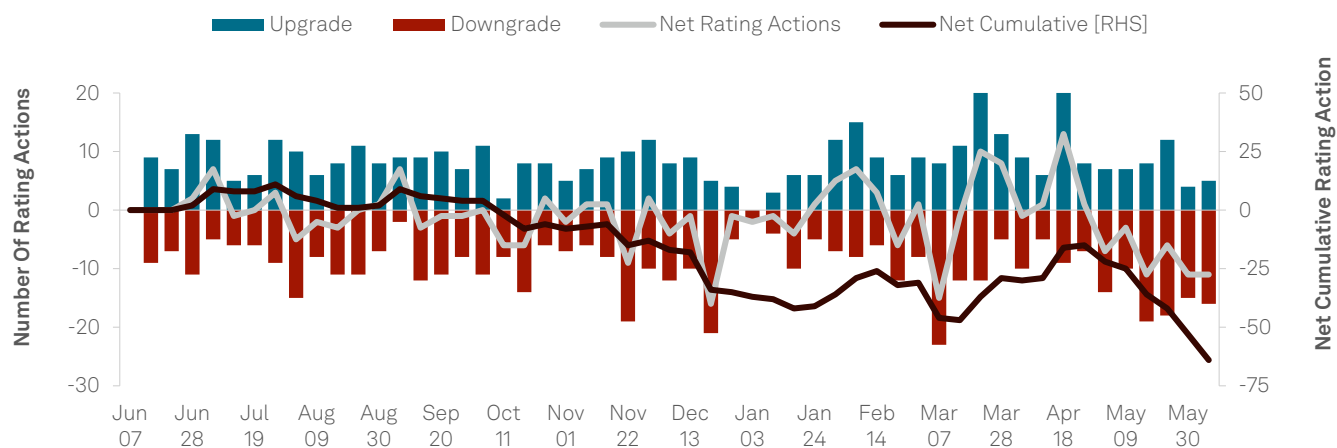
year basis, prime losses decreased slightly from 0.56% and recoveries improved substantially from 63.54%, while 60-plus-delinquencies remained at 0.54%.

- Subprime annualized losses continued to decline month over month to 7.49% in April 2025, a 50 bps decline from 7.98% in March 2025. Lower losses came despite recoveries declining by 139 bps to 42.21% from 43.59%. Sixty-plus-day delinquencies also declined slightly by eight bps to 5.51%, but remained higher than April 2024 (5.31%). Nonetheless, losses remained higher year over year (7.49%) due to recoveries declining from 44.28% in April 2024.
- Our May surveillance reviews for 14 transactions resulted in 20 upgrades, no downgrades, and 32 affirmations. On June 3, we downgraded nine classes across five Flagship Credit Auto Trust transactions.
- On June 4, 2025, we published a commentary titled "[U.S. Auto Loan ABS Tracker: April 2025 Performance](#)".
- **European CMBS:** Here are a couple “Key Takeaways” from a recent commentary:
 - Despite European commercial real estate (CRE) sector asset values declining significantly, loans due for refinancing have performed better than in 2024, given their lower leverage and longer tail periods.
 - We believe that of the eight commercial mortgage-backed securities (CMBS) loans maturing in 2025 in our surveillance portfolio, six of these loans carry a low risk of default.
 - Lower interest rates are enabling more borrowers to refinance even amidst declining property values. While we maintain a more negative outlook on the office and retail sectors, we believe that most borrowers remain well-positioned to refinance.
 - On June 4, 2025, we published "[European CMBS Break Through The Refinance Wall](#)".
- **Australian Auto ABS:** See the recent "[Auto ABS Arrears Statistics: Australia - April 2025](#)" published June 2, 2025.
- **Canadian Credit Card ABS:** We published the "[Canadian Credit Card Quality Index: Monthly Performance—April 2025](#)" June 5, 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 Jun. 6, 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. \$)
6-Jun	Upgrade	Republic of Slovenia	Sovereign	Slovenia	AA	AA-	44,472
4-Jun	Downgrade	New Fortress Energy Inc.	Utilities	U.S.	B-	B	5,706
2-Jun	Downgrade	Chrome HoldCo SAS	Health care	France	CCC+	B-	4,470
4-Jun	Downgrade	Quest Software US Holdings Inc.	High technology	U.S.	SD	CCC-	3,575
4-Jun	Downgrade	Telesat Canada (Telesat Holdings Inc.)	Telecommunications	Canada	CCC-	CCC+	3,359
5-Jun	Downgrade	Colonial Enterprises Inc.	Utilities	U.S.	BBB-	A	2,860
5-Jun	Upgrade	Adidas AG	Consumer products	Germany	A	A-	2,278
5-Jun	Upgrade	Toll Brothers Inc.	Homebuilders/real estate co.	U.S.	BBB	BBB-	1,600
3-Jun	Downgrade	Arabian Centres Co.	Homebuilders/real estate co.	Saudi Arabia	B+	BB-	1,585
5-Jun	Downgrade	Ferrellgas Partners L.P.	Oil & gas	U.S.	CCC	CCC+	1,475

Source: S&P Global Ratings Credit Research & Insights. Data as of June 6, 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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