

The Ratings View

June 25, 2025

This report does not constitute a rating action.

Key Takeaways

- Global economic growth prospects are clouded by unpredictable U.S. trade policy.
- Credit conditions show resilience despite geopolitical headwinds.
- Aging populations could become a material factor for credit.

Unpredictable U.S. trade policy remains front and center in the global macro picture. The new administration imposed import tariffs to levels not seen in decades--before making a sudden, partial pause. Producers, consumers and financial markets have struggled to adjust. These shocks to the system come on top of an ongoing recalibration of supply chains and industrial policy amid high geopolitical tensions. Activity is generally holding up: consumption remains firm,

and labor markets remain tight. Market volatility has fallen as tariffs have been partially paused, but government bond yields have risen, mainly on debt worries; many central banks continue to gradually ease policy rates. Our growth numbers are broadly unchanged from our last quarterly update, although policy unpredictability implies unusually wide confidence bands. Risks remains on the downside, with the recent military escalation between Israel and Iran adding to the tariff uncertainty mix.

GDP growth forecasts

Annual percentage change

	GDP growth forecast					Change from May baseline			
	2024	2025	2026	2027	2028	2025	2026	2027	2028
North America									
U.S.	2.8	1.7	1.6	2.0	2.0	0.2	0.0	(0.1)	0.1
Canada	1.6	1.5	1.5	2.0	2.3	0.1	0.0	0.0	0.2
Europe - U.K.									
Eurozone	0.8	0.8	1.1	1.4	1.5	0.0	(0.1)	0.0	0.0
Germany	-0.2	0.1	1.1	1.6	1.6	0.0	(0.1)	0.0	0.0
France	1.1	0.6	1.0	1.2	1.1	(0.1)	0.0	0.0	0.0
Italy	0.5	0.5	0.8	0.9	0.9	0.0	0.0	0.0	0.0
Spain	3.1	2.6	1.9	1.8	1.8	0.0	0.0	0.0	0.0
U.K.	1.1	0.9	1.4	1.6	1.4	0.0	0.0	0.0	0.0
Asia-Pacific									
China	5.0	4.3	4.0	4.3	4.3	0.8	1.0	0.0	(0.2)
Japan	0.2	0.9	0.7	0.7	0.8	0.0	0.1	0.0	0.0
India*	6.5	6.5	6.7	7.0	6.8	0.2	0.2	0.0	0.0
Emerging economies									
Mexico	1.2	0.0	1.4	2.1	2.3	0.2	(0.1)	(0.1)	0.0
Brazil	3.0	2.2	1.7	2.1	2.2	0.4	0.0	0.0	0.0
South Africa	0.5	1.1	1.4	1.6	1.6	(0.2)	0.0	0.0	0.0
World	3.3	2.9	2.9	3.3	3.3	0.3	0.3	0.0	0.0

*Fiscal year beginning April 1 in the reference calendar year.
Sources: S&P Global Market Intelligence and S&P Global Ratings' forecasts.

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[Global Economic Outlook Q3 2025: Unpredictable U.S. Policy Clouds Global Growth Prospects](#)

[Economic Outlook Asia-Pacific Q3 2025: Resilience May Vary](#)

[Economic Outlook Emerging Markets Q3 2025: Tariffs' Direct Impact Is Modest So Far, But Indirect Effect Will Feed Through](#)

[Economic Outlook Eurozone Q3 2025: Strength From Within](#)

[Economic Outlook U.S. Q3 2025: Policy Uncertainty Limits Growth](#)

[Economic Outlook U.K. Q3 2025: Trade Agreements Are Not Enough To Lift Growth](#)

Credit conditions show resilience despite geopolitical headwinds. Tariff-related concerns continue to cloud the outlook for North American credit conditions, with the reconciliation bill working its way through Congress adding to uncertainty. U.S. involvement in the Israel-Iran conflict—and the fragility of a cease-fire—heightens the risk that the fighting in the region will

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escalate and disrupt the capital and global energy markets, and economic activity. In Europe, overall credit performance remains resilient (for now) despite enormous uncertainty over U.S. trade policy, supported by the recent normalization in financial market volatility. In Asia-Pacific, too, borrowers are holding up despite the financial market volatility caused by significant tariff uncertainty and escalating Middle East tensions. We expect credit conditions in EMs to continue to face significant headwinds, especially as the indirect effects of tariffs, namely slower investment and global growth, become more evident.

[Credit Conditions Asia-Pacific Q3 2025: An Unsettling Environment](#)

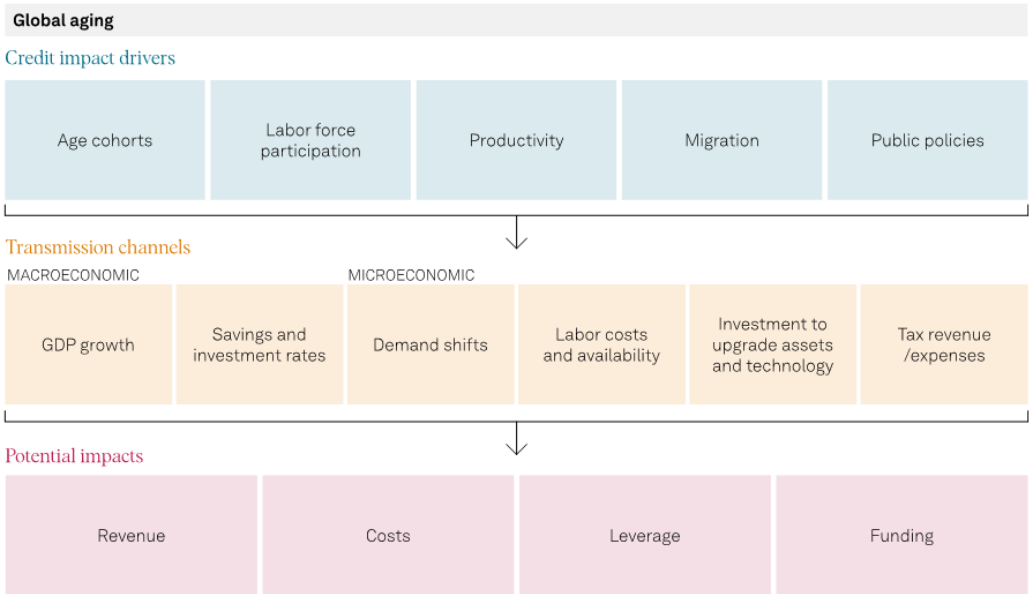
[Credit Conditions Emerging Markets Q3 2025: Weak Dollar Cushions Turbulence](#)

[Credit Conditions Europe Q3 2025: Credit Rides The Storms](#)

[Credit Conditions North America Q3 2025: Still More Clouds Than Clarity](#)

Aging populations are gradually reshaping our world. Global aging, typically stemming from declining birth rates and longer life expectancies, is a measurable trend in most geographies. Yet it's difficult to predict the likely credit impacts, how material they may be, and when they might unfold. Some credit impacts have already emerged while others may take several years. In our view, the main credit impact drivers related to aging populations are age cohorts, labor force participation, productivity, migration, and public policies. Due to the interaction among these factors, the potential credit transmission channels may be diverse and often complex, occurring at the macroeconomic, sector, and issuer levels. The credit impacts of aging will filter through these channels to traditional credit components such as revenue, costs, leverage, and funding.

Global aging: Path to credit materiality



Source: S&P Global Ratings.

[White Paper: Credit Implications Of Global Aging: A Complex Interplay](#)

Our stress test revealed that European banks are well placed to absorb potentially higher credit losses due to rising trade tensions, with only a handful of banks potentially seeing a material effect. European banks' asset quality has remained resilient so far, with several macro-financial shocks only causing sporadic deterioration in asset quality. In our base case, we expect asset quality metrics will remain broadly stable over 2025-2026 due to a combination of cyclical and structural factors.

[Stress Test Highlights European Banks' Resilience To Potential Trade Escalations](#)

Asset Class Highlights

Corporates

Notable publications include:

- [Carbon Capture and Sequestration \(CCS\) — Navigating Uncertainty and Viability](#)
- [Sustainability Insights: Behind The Shades: Power Generation, Transmission, And Distribution](#)
- [Default, Transition, and Recovery: Corporate Defaults In May Reach Highest Level Since October 2020](#)

Financial Institutions

- [Financial Services Brief: Insurers And Banks In The Middle East Sit Tight As Israel-Iran Conflict Escalates](#)
- [India's New Rules On Gold-Backed Loans May Reshape The Competitive Landscape](#)
- [Research Update: BPCE Affirmed At 'A+/A-1' On Announced Acquisition Of Novo Banco: Outlook Remains Stable](#)
- [Research Update: Deutsche Pfandbriefbank AG 'BBB-/A-3' Ratings Affirmed On U.S. Exit: Outlook Stable](#)
- [Research Update: Argenta Spaarbank Outlook To Negative As Additional Loss-Absorbing Capacity Faces Possible Strain: Ratings Affirmed](#)
- [Research Update: First Iraqi Bank Outlook Revised To Negative On Lower Earnings Capacity: 'B-' Rating Affirmed](#)
- [Research Update: Ecobank Nigeria Ltd. Downgraded To 'CCC-' From 'CCC' On Proposed Tender And Consent Transaction; Outlook Negative](#)

Sovereign

- [Credit Implications Of Global Aging: A Complex Interplay](#)

Structured Finance

- **U.S and EMEA Structured Finance:** S&P Global Ratings published its round-up of the latest credit developments and underlying performance indicators observed across U.S. structured finance sectors (see "[U.S. Structured Finance Chart Book: June 2025](#)," published June 18, 2025). The report "[EMEA Structured Finance Chart Book: June 2025](#)" includes a roundup of the latest new issuance and credit developments that we have observed across structured finance sectors, along with data on issuance drivers, recent rating actions, and underlying performance indicators. We also highlight the key takeaways from our recent research publications.
- **Private Credit- Asia-Pacific Securitizations:** Here are a few "Key Takeaways" from a recent commentary:
 - Private credit's impact on Asia-Pacific securitization is more pronounced in markets with greater issuer diversity.

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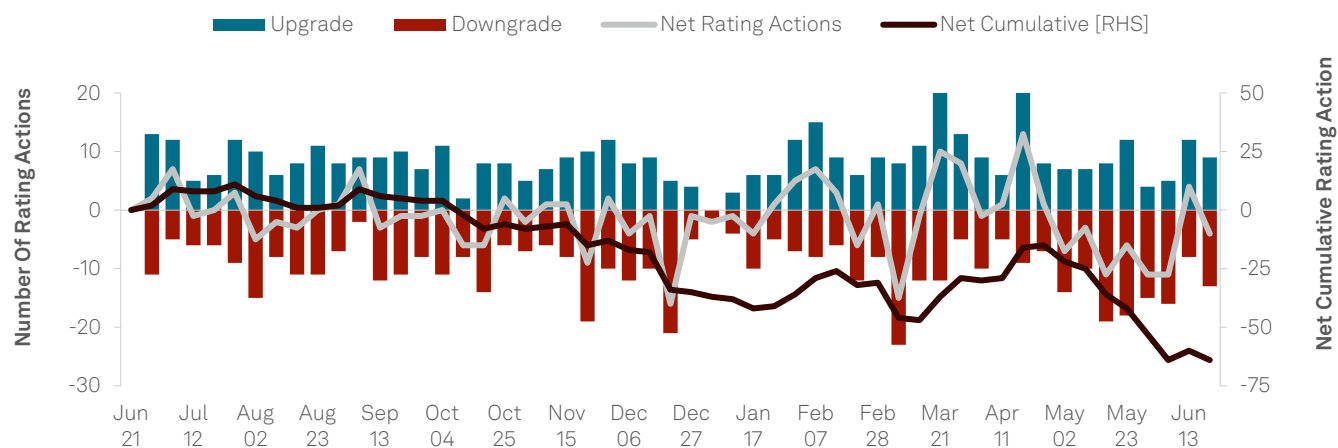
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- Private credit's expansion is providing new sources of funding to securitization issuers in markets such as Australia, enabling greater scale and product variety, in our view.
- Continued growth in private credit and its spillover to Asia-Pacific securitization markets will likely influence new issuance trends, asset types and the risk profiles of underlying loan portfolios.
- On June 16, 2025, we published "[Private Credit Penetrates Asia-Pacific Securitization Markets](#)".
- **U.S. Consumer Loan ABS:** Here are a few "Key Takeaways" from a recent commentary:
 - Consumer loan originators using third-party partner bank loan origination models may introduce "valid when made" and "true lender" legal risks.
 - In 2020, federal agencies finalized rules supporting "valid when made" doctrine, but state-by-state "true lender" challenges continue to be observed.
 - "True lender" litigation has been mostly targeted at origination platforms engaged in lending practices that are inconsistent with state consumer protection statutes.
 - Legislative oversight has resulted in more regulatory scrutiny, but the use of third-party lending arrangements has continued to grow.
 - In this article, we clarify our approach to assessing the legal and regulatory risks associated with third-party lending arrangements, highlighting questions we generally have about the and monitoring strategies or specific transaction features that may help mitigate these risks.
 - On June 17, 2025, we published "[Assessing The Evolving Third-Party Loan Origination Legal Risks For U.S. Consumer Loan ABS](#)".
- **Australian RMBS:** See the recent "[RMBS Arrears Statistics: Australia April 2025](#)" published on June 18, 2025.

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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. 20, 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. \$)
16-Jun	Upgrade	ION Trading Technologies Ltd.	High technology	Ireland	B	B-	9,081
17-Jun	Upgrade	Bombardier Inc.	Aerospace & defense	Canada	BB-	B+	7,188
16-Jun	Downgrade	Newfold Digital Holdings Group Inc.	High technology	U.S.	CCC	CCC+	3,585
16-Jun	Downgrade	Thai Oil Public Co. Ltd. (PTT Public Co. Ltd.)	Oil & gas	Thailand	BBB-	BBB	3,065
16-Jun	Downgrade	PTT Global Chemical Public Co. Ltd. (PTT Public Co. Ltd.)	Chemicals, packaging & environmental services	Thailand	BBB-	BBB	2,550
18-Jun	Upgrade	Nova Ljubljanska Banka D.D.	Bank	Slovenia	BBB+	BBB	2,235
16-Jun	Downgrade	Kosmos Energy, Ltd.	Oil & gas	U.S.	CCC+	B	1,950
18-Jun	Upgrade	Iris Holding Inc.	Chemicals, packaging & environmental services	U.S.	B-	CCC+	1,900
16-Jun	Upgrade	Pike Corp.	Capital goods	U.S.	B+	B	1,855
19-Jun	Upgrade	Cerved Group S.p.A.	Consumer products	Italy	B	B-	1,836

Source: S&P Global Ratings Credit Research & Insights. Data as of June 20, 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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