

This Week In Credit

Central Banks Expected To Set Tone

S&P Global
Ratings

This report does not constitute a rating action.

The Top Line | Sept. 19, 2022

Rating pressure is building at the lower end of the credit spectrum, indicating more defaults may lie ahead. Amid downward rating trends and following above-consensus U.S. CPI numbers last week, markets are downbeat and awaiting the outcomes of key central bank meetings this week, including the Federal Reserve, BoE, and the BoJ. Credit pricing seems stable for now, but after a straining year and with a week of critical central bank communications ahead, this may just be the calm before the storm.

Key Takeaways

- North American and European consumer products issuers led downgrades last week, while the net outlook bias in most regions continues to turn negative, signaling potential further negative rating actions ahead.
- On top of one default last week, we downgraded three issuers into the 'CCC+' and below rating category, suggesting a rising prospect for future defaults.
- Bond issuance softened last week in both the U.S. and Europe, and we expect it to stay muted ahead of this week's central bank meetings.

Ratings Performance Trends



Data as of Sept. 15, 2022. 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 and confidential rating actions. Includes sovereigns with and without zero debt. Defaults from confidential issuers are included in the default tally. Source: S&P Global Ratings Research.

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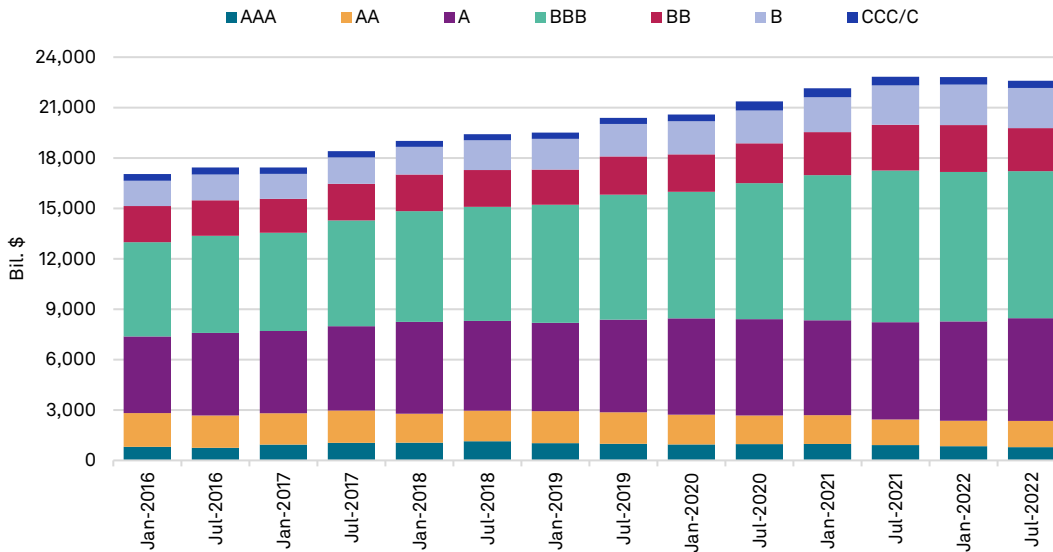
For more
Credit Market
Research
[click here](#)

Chart Of The Week

Chart 1

Restrictive Credit Conditions Contribute To Decline In Global Rated Corporate Debt

Global Rated Corporate Debt Declined By 1% As Of July 2022



Note: This study is based on an analysis of debt instruments (including bonds, loans, and revolving credit facilities from financial and nonfinancial corporate issuers) that are rated by S&P Global Ratings. Data as of July 1, 2022. Source: S&P Global Ratings. Chart first appeared in "[Global State Of Play: Dollar Strength And Diminished Issuance Weigh On Global Debt Growth](#)," published Sept. 15, 2022.

Related Research

[U.S. Corporate Bond Yields As Of Sept. 14, 2022](#), Sept. 15, 2022 (published weekly)

[Global State Of Play: Dollar Strength And Diminished Issuance Weigh On Global Debt Growth](#), Sept. 15, 2022

Upcoming Webinars

[S&P Global Ratings Credit FAQ On Hybrid Capital Instruments](#), Sept. 22, 2022

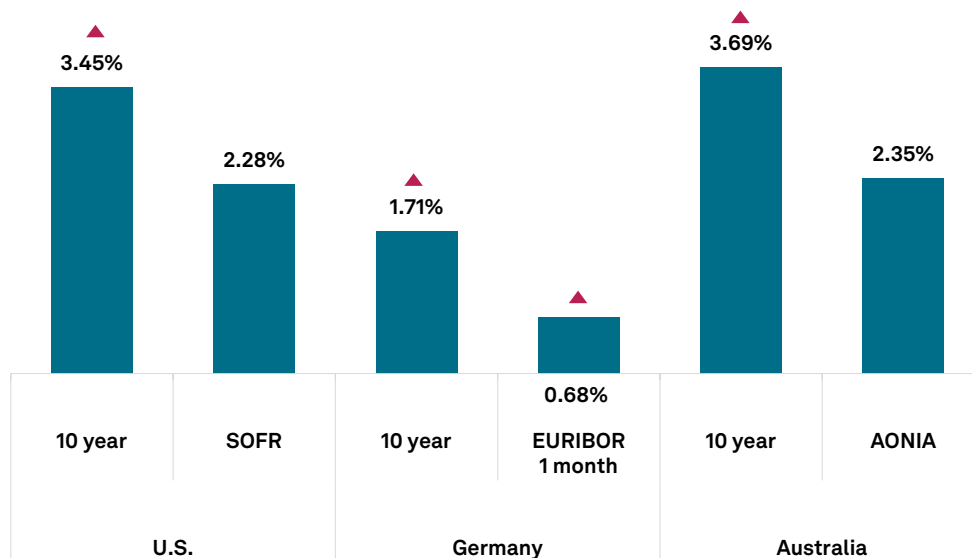
[Monthly EMEA Banking Insights: Key Business And Credit Trends For European G-SIBs](#), Sept. 20, 2022

[Latin America Sovereign Update: Mexico & Central America](#), Sept. 20, 2022

Credit Market Conditions

Chart 2

Benchmark Yields



Leveraged Loan Indexes average bid price over the week

Morningstar LSTA US LLI

94 (0.00%)

Morningstar ELLI (Europe)

93 ▲ (0.10%)

Chart 3

Secondary Market Credit Spreads

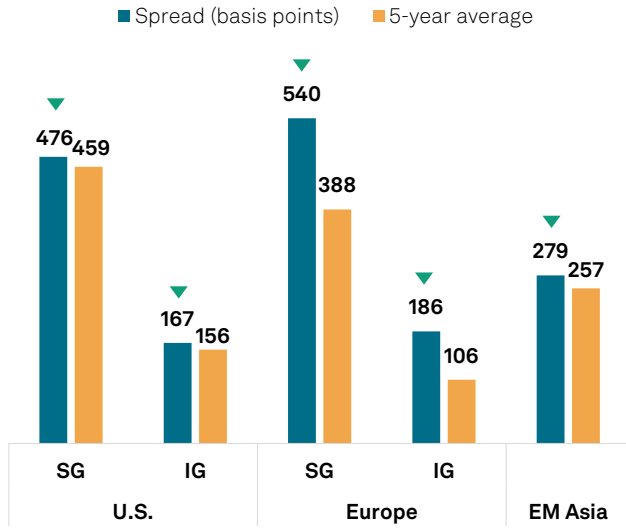
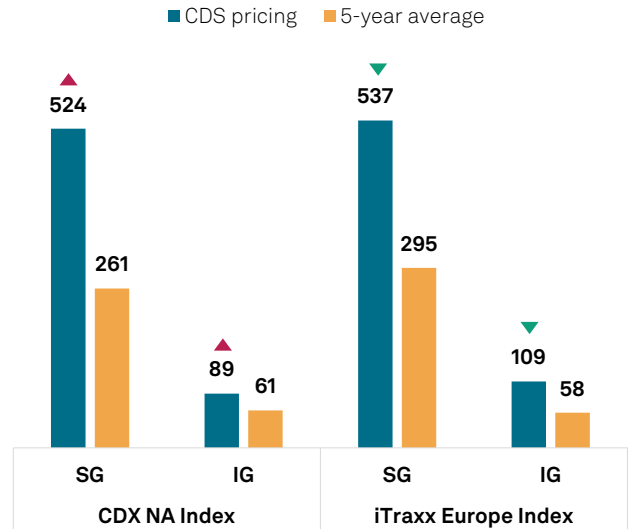


Chart 4

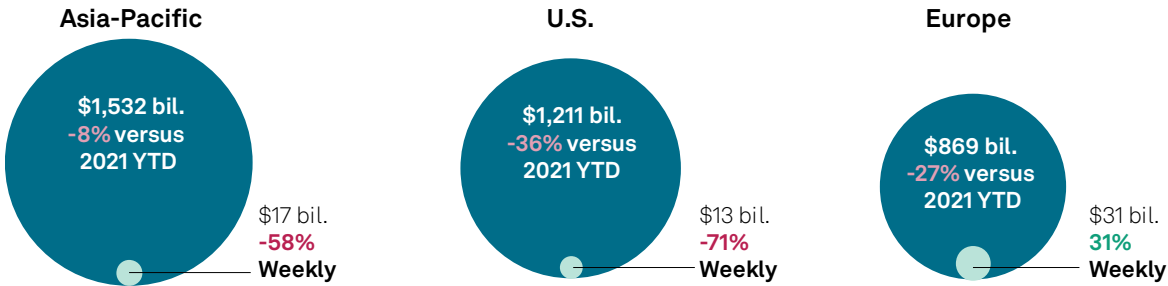
CDS Pricing



The arrows indicate weekly trends. Data as of Sept. 15, 2022. Leveraged loan data source: Leveraged Commentary and Data (LCD) from PitchBook, a Morningstar company; Morningstar LSTA U.S. Leveraged Loan Index; Morningstar European Leveraged Loan Index. Sources: S&P Global Ratings Research, Ice Data Indices LLC, ICE BofA Euro High-Yield Index Option-Adjusted Spread, retrieved from the Federal Reserve Bank of St. Louis, S&P Global Market Intelligence.

Chart 5

Corporate Debt Issuance



Data as of Sept. 15, 2022. Corporate bond issuance is the most recent weekly total and the percentage weekly change. YTD--Year to date. Note: U.S. and Europe totals include bonds and leveraged loans and Asia-Pacific total only includes bonds. Leveraged loan data source: Leveraged Commentary and Data (LCD) from PitchBook, a Morningstar company. Source: S&P Global Ratings Research.

Table 1

Top 10 Upgrades And Downgrades By Debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
Sept. 12, 2022	Downgrade	Brand Industrial Services Inc.,	Capital Goods	U.S.	CCC+/Negative	B-/Negative	3,825
Sept. 12, 2022	Upgrade	AVSC Holding Corp.	Media & Entertainment	U.S.	CCC+/Stable	CCC/Negative	2,591
Sept. 12, 2022	Downgrade	U.S. Renal Care Inc.	Health Care	U.S.	CCC+/Stable	B-/Stable	2,330
Sept. 15, 2022	Upgrade	Banijay Group SAS	Media & Entertainment	France	B+/Stable	B/Watch Pos	2,293
Sept. 13, 2022	Upgrade	Getty Images Inc. (Abe Investment Holdings Inc.,)	Media & Entertainment	U.S.	B+/Positive	B-/Watch Pos	1,792
Sept. 9, 2022	Downgrade	Scotts Miracle-Gro Co. (The)	Consumer Products	U.S.	BB-/Negative	BB/Negative	1,350
Sept. 9, 2022	Upgrade	CPI International Inc.	Aerospace & Defense	U.S.	B/Stable	B-/Positive	751
Sept. 12, 2022	Downgrade	Amphora Intermediate II Ltd.	Consumer Products	U.K.	CCC+/Negative	B-/Stable	697
Sept. 15, 2022	Downgrade	Ulker Biskuvi Sanayi A.S.	Consumer Products	Turkey	B-/Watch Neg	B/Negative	650
Sept. 14, 2022	Downgrade	Gopher Resource, LLC (ECP Gopher Holdings, L.P.)	Metals, Mining & Steel	U.S.	B-/Stable	B/Negative	510

Data as of Sept. 15, 2022. Note: Rating actions include financial and nonfinancial corporates and sovereign issuer credit ratings. *Long-term issuer credit rating/outlook or CreditWatch status. Downgrades include defaults. Source: S&P Global Ratings Research.

Table 2

This Week's Defaults (None)

Date	Parent company	Country/market	Subsector	To	From	Reason
Sept. 9, 2022	Cineworld Group PLC	U.K.	Media & Entertainment	D	CCC	Bankruptcy

Data as of Sept. 15, 2022. Defaults from confidential issuers are included. D--Default. Sources: S&P Global Ratings Research and 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--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--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

AONIA--Reserve Bank of Australia Cash Rate.

EM--Emerging markets.

EURIBOR--Euro Interbank Offered Rate.

IG--Investment grade.

SG--Speculative grade.

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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