

This Week In Credit

Stability Amid Continuing Uncertainty

This report does not constitute a rating action.

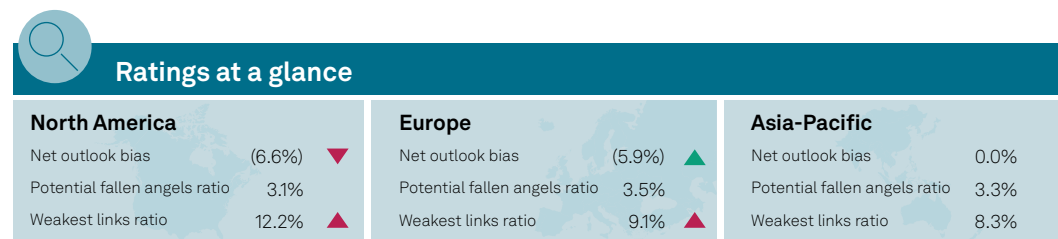
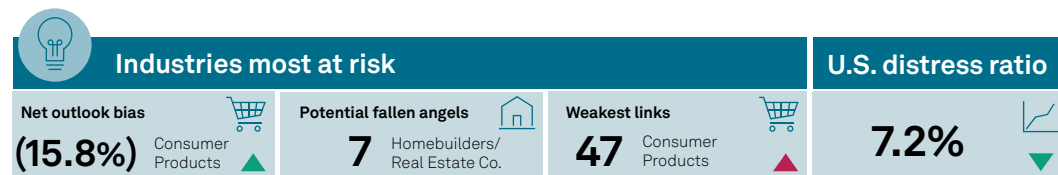
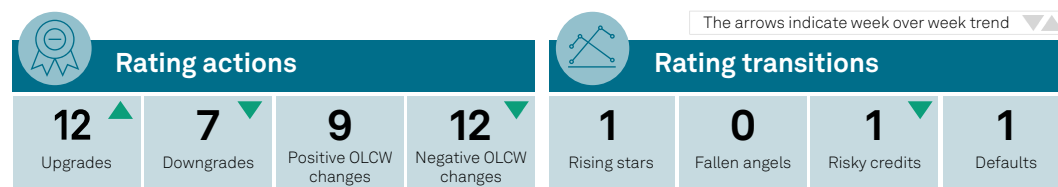
The Top Line | Dec. 5, 2022

A less volatile end to a turbulent 2022 for financial markets is within reach. But a mixed U.S. jobs report last Friday--and high wage pressures in particular--may complicate the timing and extent of the Federal Reserve pivot markets increasingly anticipate. Credit pricing and ratings performance generally stabilized last week, while primary market activity can be expected to slow into year-end and in advance of key central banks' final monetary policy meetings next week.

Key Takeaways

- The weakest links ratio pushed higher in the U.S. and Europe, to 12.2% and 9.1% respectively, with lower ratings under continued pressure.
- Real estate investment manager Corestate Capital Holding S.A. was the sole default last week, due to a missed interest payment.
- Benchmark yields fell in the U.S. and credit pricing movements were minimal, although still above five-year averages. U.S. and Asia-Pacific primary market issuance rose but global activity is expected to slow into year-end.

Ratings performance trends



Data as of Dec. 1, 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 Credit Research & Insights.

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Chart Of The Week

Chart 1

Global Credit Pressures Are Intensifying

Difficult financing conditions persist, pressuring borrowers' debt-service capacity

Risk level Moderate Elevated **High** Very high Risk trend Improving Unchanged **Worsening**

Slumps in largest economies deepen the global slowdown

Risk level Moderate Elevated **High** Very high Risk trend Improving **Unchanged** Worsening

Input-cost inflation and weakening demand squeeze corporate profits, threatening credit quality

Risk level Moderate Elevated **High** Very high Risk trend Improving **Unchanged** Worsening

Geopolitical tensions intensify, roiling markets and weighing on business conditions

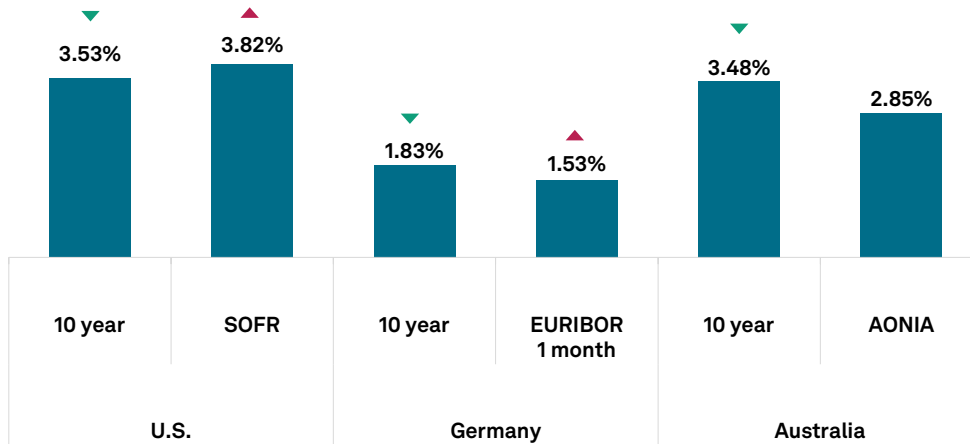
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Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®. This chart first appeared in "[Global Credit Outlook 2023: No Easy Way Out](#)" published Dec. 1, 2022, on RatingsDirect.

Credit Market Conditions

Chart 2

Benchmark yields



Related Research

[Vietnam Corporate Primer: Leverage, Liquidity, And Governance Trends After COVID](#), Dec. 1, 2022

[Global Credit Outlook 2023: No Easy Way Out](#), Dec. 1, 2022

[Credit Conditions Emerging Markets Q1 2023: Downturn Exacerbates Risks](#), Dec. 1, 2022

[U.S. Corporate Bond Yields As Of Nov 30, 2022](#), Dec. 1, 2022 (published weekly)

Upcoming Webinars

[What's In Store For Vietnam Credit In 2023 After A Rapid Post-COVID Recovery?](#), Dec. 8, 2022

[S&P Healthcare Credit Beat - Speculative Grade Healthcare Under Increasing Ratings Pressure](#), Dec. 8, 2022

[Global Credit Outlook 2023: No Easy Way Out](#), Dec. 9, 2022

Leveraged Loan Indexes average bid price over the week

Morningstar LSTA US LLI

93 ▼ (0.05%)

Morningstar ELLI (Europe)

91 ▲ 0.26%

Chart 3

Secondary market credit spreads

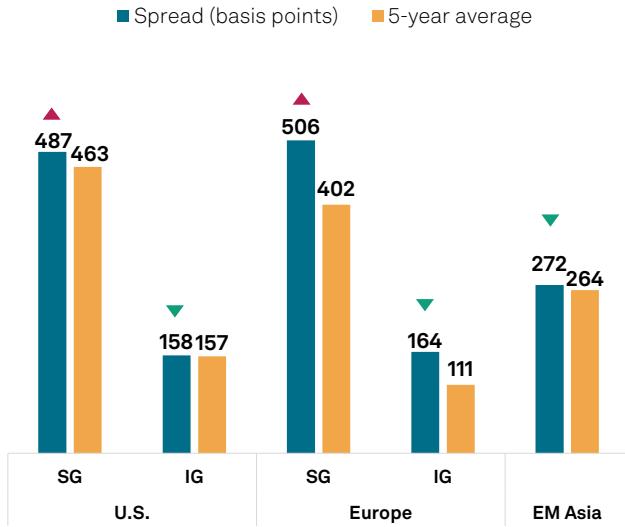
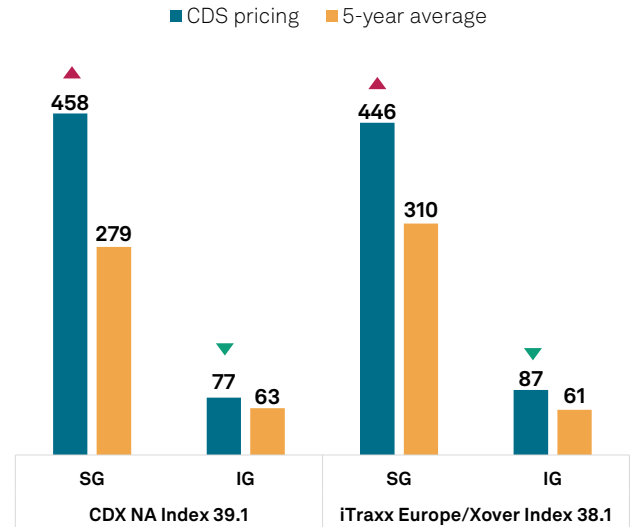


Chart 4

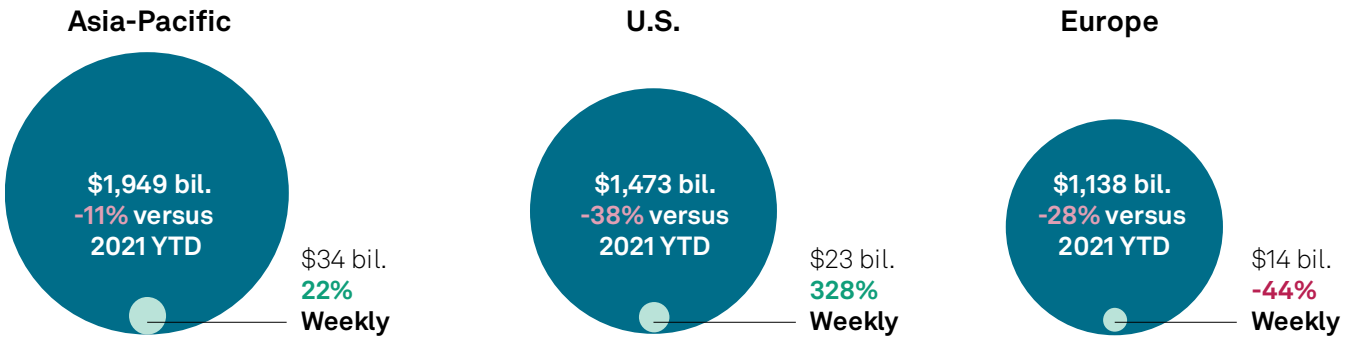
CDS pricing



The arrows indicate weekly trends. Data as of Dec. 1, 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 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 Global Market Intelligence.

Chart 5

Corporate debt issuance



Data as of Dec. 1, 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 Credit Research & Insights.

Table 1

Top 10 upgrades and downgrades by debt

| Date | Action | Issuer | Industry | Country | To* | From* | Debt volume (mil. \$) |
|---------------|-----------|--|--|----------|---------------|----------------|-----------------------|
| Nov. 25, 2022 | Upgrade | AstraZeneca PLC | Health care | U.K. | A/Stable | A-/Stable | 23,816 |
| Nov. 30, 2022 | Upgrade | Deutsche Lufthansa AG | Transportation | Germany | BB/Positive | BB-/Stable | 6,344 |
| Nov. 25, 2022 | Upgrade | Sultanate of Oman | Sovereign | Oman | BB/Stable | BB-/Stable | 6,177 |
| Nov. 29, 2022 | Downgrade | Global Medical Response Inc. (Air Medical Holdings LLC) | Health care | U.S. | B-/Stable | B/Stable | 4,474 |
| Nov. 25, 2022 | Upgrade | Bankinter S.A. | Financial institutions | Spain | A-/Stable | BBB+/Stable | 3,734 |
| Nov. 30, 2022 | Downgrade | Romulus Intermediate Holdings 2 Inc. | Health care | U.S. | B-/Stable | B/Negative | 3,125 |
| Nov. 25, 2022 | Downgrade | Axiata Group Berhad | Telecommunications | Malaysia | BBB/Stable | BBB+/Watch Neg | 3,000 |
| Dec. 1, 2022 | Upgrade | Bausch + Lomb Corp. (Bausch Health Cos. Inc.) | Health care | Canada | B-/Positive | CCC+/Positive | 2,500 |
| Nov. 28, 2022 | Downgrade | FXI Holdings Inc., | Chemicals, packaging, and environmental services | U.S. | CCC+/Negative | B-/Stable | 2,075 |
| Nov. 25, 2022 | Upgrade | Ibercaja Banco S.A. (Caja de Ahorros y Monte de Piedad de Zaragoza, Aragon y Rioja (IBERCAJA)) | Financial institutions | Spain | BBB-/Stable | BB+/Stable | 1,919 |

Data as of Dec. 1, 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 Credit Research & Insights.

Table 2

This week's defaults

| Date | Parent company | Country/market | Subsector | To | From | Reason |
|---------------|--------------------------------|----------------|------------------------|----|------|----------------|
| Nov. 29, 2022 | Corestate Capital Holding S.A. | Luxembourg | Financial institutions | D | CC | Missed payment |

Data as of Dec 1, 2022. D--Default. Sources: S&P Global Ratings Credit Research & Insights 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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