

# This Week In Credit

## Markets Take A Turn For The Worse

S&P Global  
Ratings

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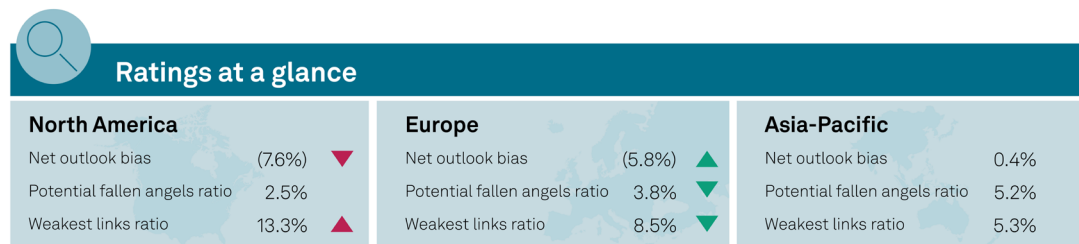
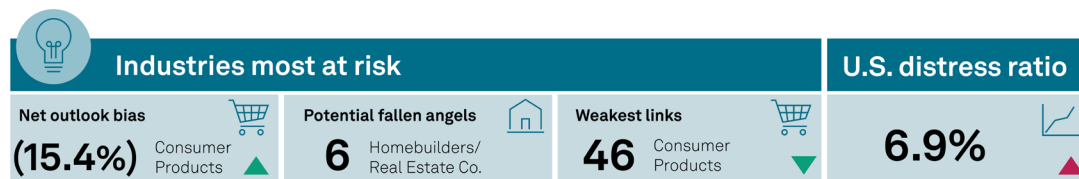
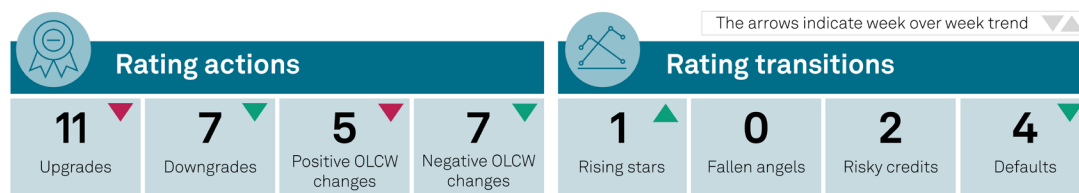
### The Top Line | Feb. 27, 2023

An air of pessimism--or arguably just a more realistic tone--has surfaced across markets. Recent data releases point toward more persistent inflation, and widening yields suggest higher for longer rates. Positive credit pricing momentum has now reversed after a lull in recent weeks. There were fewer week-on-week rating actions last week, somewhat evenly balanced between positive and negative but with a concentration of negative actions in consumer-reliant sectors. Flash European CPI releases for different countries will be one key indicator to watch this week.

### Key Takeaways

- U.S. and European retail and consumer products issuers led negative actions, including downgrades and negative changes in outlook and CreditWatch, amid lingering high input costs and supply chain disruptions.
- Defaults remained elevated with four last week--following five the previous week--three of which were in consumer-reliant sectors, which continue to lead the weakest links.
- Benchmark yields and credit pricing both widened across the globe as markets continue to reprice policy rate assumptions.

### Ratings performance trends



Data as of Feb. 23, 2023. 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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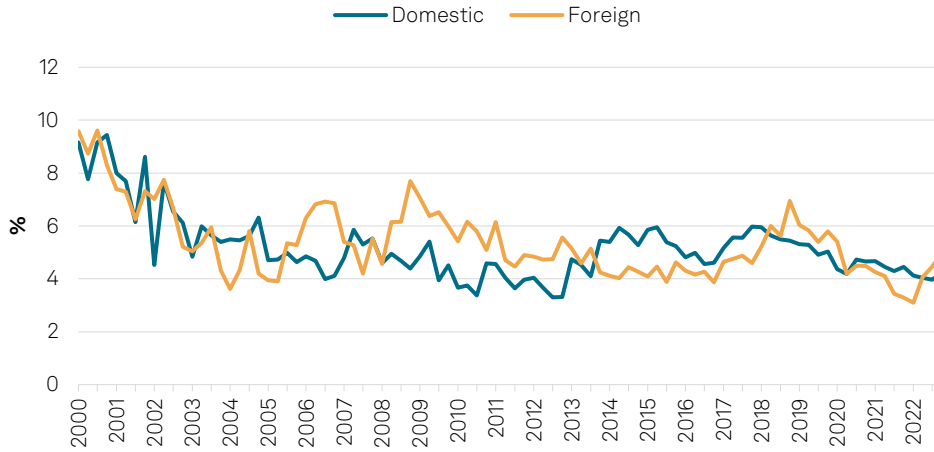
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For more  
Credit Market  
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# Chart Of The Week

Chart 1

The Cost Of Foreign Issuance In Emerging Markets Rose Sharply In 2022  
Average yield to maturity at issuance



Data as of Dec. 31, 2022. This chart first appeared in "[Emerging Markets Issuance Faces Another Lackluster Year.](#)" published Feb. 23, 2023, on RatingsDirect.

## Related Research

[Emerging Markets Issuance Faces Another Lackluster Year](#), Feb. 23, 2023

[Credit Trends: U.S. Corporate Bond Yields As Of Feb. 22, 2023](#), Feb. 23, 2023 (published weekly)

[U.S. Public Finance Credit Quality Improved In 2022](#), Feb. 22, 2023

## Upcoming Webinars

[Monthly European Banking Insights: Spotlight On Shadow Banking](#), Feb. 28, 2023

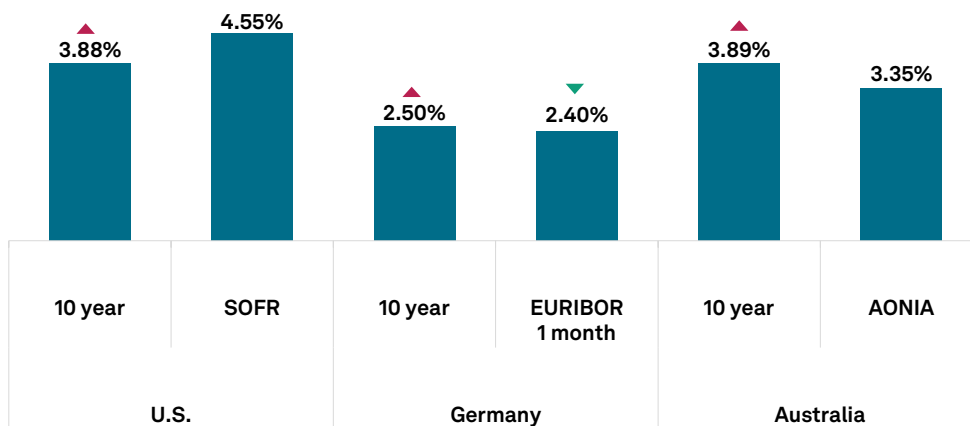
[Asia-Pacific Sovereign Credit Outlook: How Stable Is Stable In 2023?](#), Mar. 1, 2023

[Fourth Quarter U.S. Insurance Webinar](#), Mar. 2, 2023

# Credit Market Conditions

Chart 2

Benchmark yields



Leveraged loan indices average bid price over the week

Morningstar LSTA US LLI

**94** ▼ (0.30)%

Morningstar ELLI (Europe)

**94** ▼ (0.30)%

Chart 3

Secondary market credit spreads

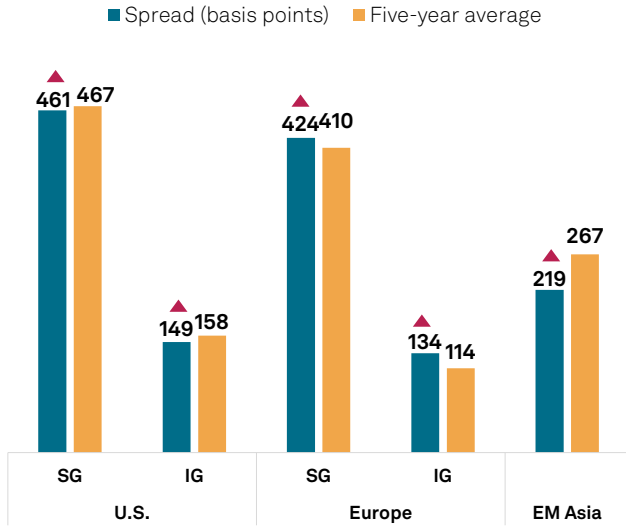
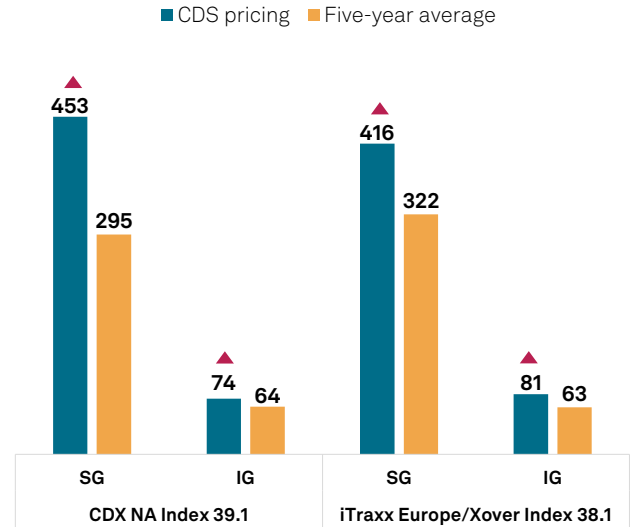


Chart 4

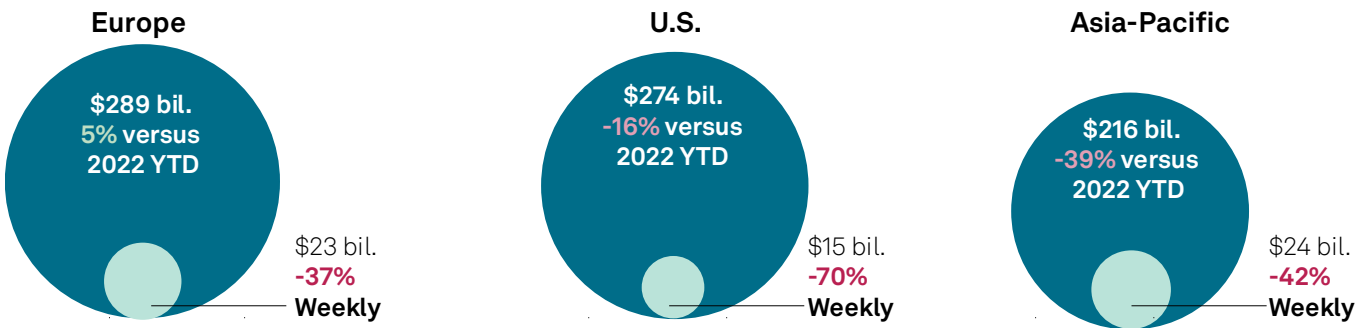
CDS pricing



The arrows indicate weekly trends. Data as of Feb. 23, 2023. 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 Feb. 23, 2023. Corporate bond issuance is the most recent weekly total and the percentage weekly change. 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. YTD--Year to date. 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. \$)
Feb. 17, 2023	Upgrade	Kraft Heinz Co. (The)	Consumer products	U.S.	BBB/Stable	BBB-/Positive	22,095
Feb. 17, 2023	Upgrade	SBAB Bank AB (publ)	Financial institutions	Sweden	A+/Stable	A/Stable	7,812
Feb. 21, 2023	Upgrade	Willis Towers Watson PLC	Insurance	Ireland	BBB+/Stable	BBB/Positive	4,750
Feb. 17, 2023	Downgrade	AMC Entertainment Holdings Inc.	Media & entertainment	U.S.	SD	CC/Negative	4,745
Feb. 23, 2023	Upgrade	MSCI Inc.	High technology	U.S.	BBB-/Stable	BB+/Stable	4,550
Feb. 23, 2023	Upgrade	Republic of Costa Rica	Sovereign	Costa Rica	B+/Stable	B/Stable	4,500
Feb. 17, 2023	Upgrade	GEMS MENASA (Cayman) Ltd. (GEMS Menasa Holdings Ltd. (Cayman islands))	Consumer products	U.A.E	B/Stable	B-/Positive	3,900
Feb. 21, 2023	Downgrade	Adidas AG	Consumer products	Germany	A-/Negative	A+/Negative	2,666
Feb. 22, 2023	Downgrade	Reynolds Consumer Products Inc.	Consumer products	U.S.	BB/Stable	BB+/Negative	2,475
Feb. 22, 2023	Upgrade	Spectacle Bidco Holdings Inc.	Media & entertainment	Canada	B+/Stable	B/Stable	2,332

Data as of Feb. 23, 2023. 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. D--Default. Source: S&P Global Ratings Credit Research & Insights.

Table 2

## This week's defaults

Date	Parent company	Country/market	Subsector	To	From	Reason
Feb. 17, 2023	AMC Entertainment Holdings Inc.	U.S.	Media & entertainment	SD	CC	Distressed exchange
Feb. 17, 2023	Premier Brands Group Holdings LLC	U.S.	Consumer products	SD	CCC	Distressed exchange
Feb. 22, 2023	Altisource Portfolio Solutions S.A.	Luxembourg	Financial Institutions	SD	CC	Distressed exchange
Feb. 22, 2023	Foodco Bondco SAU	Spain	Retail/restaurants	SD	CCC-	Missed interest payments

Data as of Feb. 23, 2023. D--Default. SD--Selective 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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