

# This Week In Credit

## A Lot Of Data Incoming

This report does not constitute a rating action.

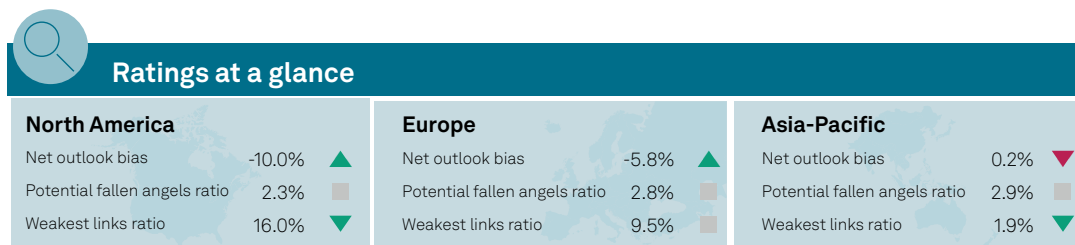
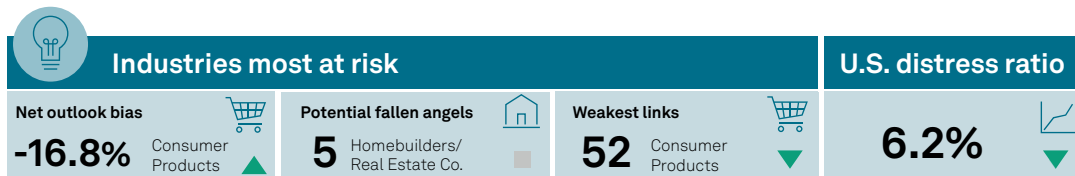
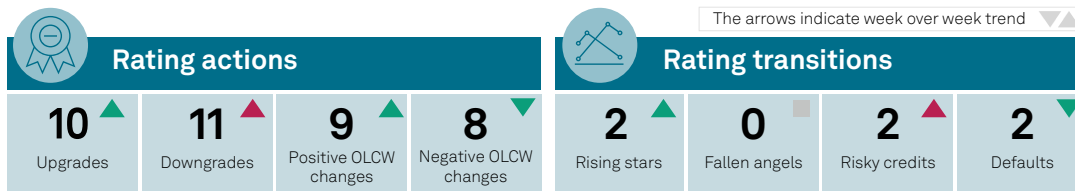
### The Top Line | Sept. 11, 2023

Positive rating performance trends last week--which the Credit Suisse AG (UBS Group AG) upgrade led in debt-volume terms--precede a busy week on the data front. There will be much to digest. An ECB monetary policy decision (Thursday) will come hot on the heels of the European Commission lowering its growth forecasts for the region this morning. There is also a wealth of economic data to come including U.K. employment statistics (Tuesday), the U.S. CPI release (Wednesday), and a slate of Chinese data on Friday that will include economic and credit activity data.

### Key Takeaways

- Both defaults last week were U.S. issuers from the automotive and chemical sectors.
- There were two rising stars (upgrades to investment grade). Both were U.S. issuers, one from the oil sector and one from the business and consumer services sector.
- Benchmark yields pushed upward last week, most notably the U.S. 10-year yield, which is back to nearly 2023 peaks.

### Ratings performance trends



Data as of Sept. 7, 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. Defaults from confidential issuers are included in the default tally. OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

### Newsletter Contacts

**Nicole Serino**  
New York  
+1-212-438-1396  
nicole.serino@spglobal.com

**Patrick Drury Byrne**  
Dublin  
+353-1-568-0605  
patrick.drurybyrne@spglobal.com

**Sarah Limbach**  
Paris  
+33-14-420-6708  
sarah.limbach@spglobal.com

### Media Contacts

**Jeff Sexton**  
New York  
jeff.sexton@spglobal.com

**Michelle James**  
London  
michelle.james@spglobal.com

**Michelle Lei**  
Beijing  
michelle.lei@spglobal.com

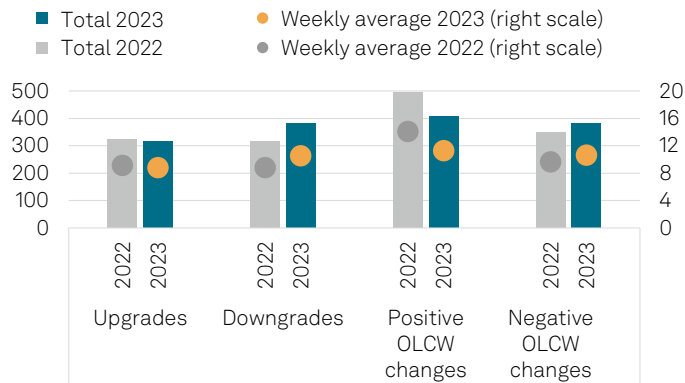
For more  
Credit Market  
Research  
[click here](#)

## Year To This Week

Chart 1

### Rating actions

Year-to-date total and weekly average

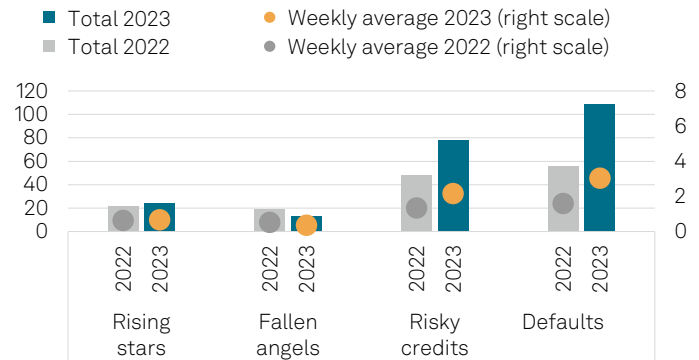


Data as of Sept. 7 (2022 data is January to Sept. 7). OLCW-- Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

### Rating transitions

Year-to-date total and weekly average



Data as of Sept. 7 (2022 data is January to Sept. 7). Source: S&P Global Ratings Credit Research & Insights.

## Chart Of The Week

Chart 3

### Back To Business: Credit Clouds Gathered In August

#### Highest positive rating activity



Media and entertainment

**14** upgrades

**6** positive outlook or CreditWatch changes

#### Highest negative rating activity



Financial institutions

**15** downgrades

**13** negative outlook or CreditWatch changes

#### Highest number of defaults



Media and entertainment

**5** defaults

#### Highest change in positive bias



Aerospace and defense

**14.3%** 12.5% as of June 30, 2023

#### Highest change in negative bias



Metals, mining, and steel

**13.2%** 9.2% as of June 30, 2023

Note: Chart first appeared in "[Back To Business: Credit Clouds Gathered In August](#)" published Sept. 5, 2023. Positive bias: Percentage of issuers with a positive outlook or CreditWatch placement. Negative bias: Percentage of issuers with a negative outlook or on CreditWatch. Diversified sector was excluded from the positive bias highlight due to small sample size. Source: S&P Global Ratings Credit Research & Insights.

## Related Research

[Credit Trends: U.S. Corporate Bond Yields As Of Sep.6, 2023](#), Sept. 7, 2023

[Credit Trends: Global State Of Play: Debt Growth Diverging By Credit Quality](#), Sept. 6, 2023

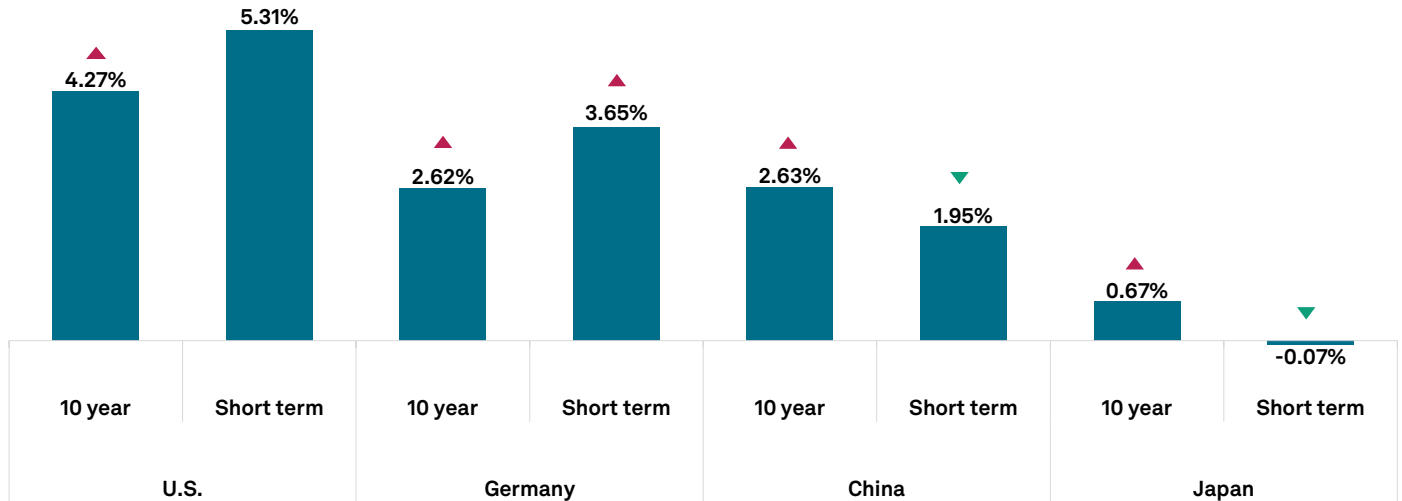
## Upcoming Webinars

[Leveraged Lending Spotlight on the Selective Default \('SD'\) Rating](#), Sept. 13, 2023

# Credit Market Conditions

Chart 4

## Benchmark yields



Data as of Sept. 7, 2023. Sources: S&P Global Market Intelligence, ECB, People's Bank Of China. Short rates: U.S., SOFR; Germany, €str; China, DR007; and Japan, uncollateralized overnight call rate.

Chart 5

## Secondary market credit spreads

■ Spread (basis points) ■ Five-year average

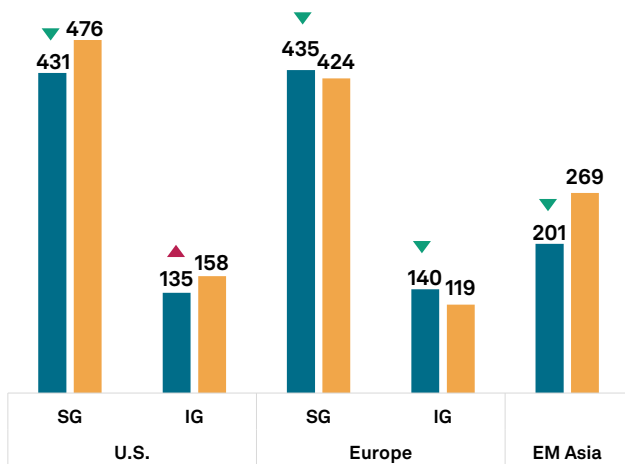
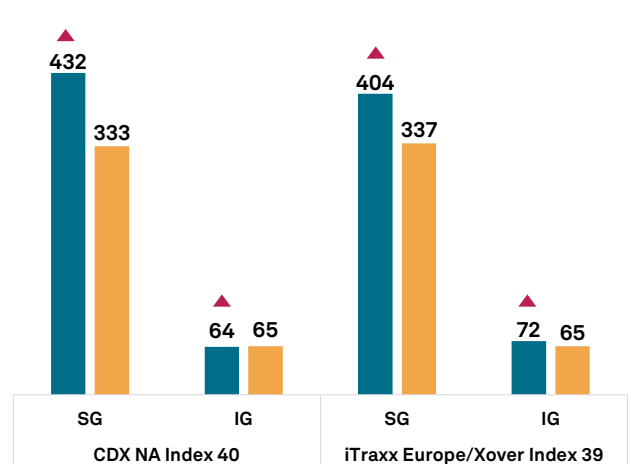


Chart 6

## CDS pricing

■ CDS pricing ■ Five-year average



Data as of Sept. 7, 2023. The arrows indicate weekly trends. 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.

## This Week In Credit: A Lot Of Data Incoming

Table 1

### Top 10 upgrades and downgrades by debt

| Date          | Action    | Issuer                                   | Industry                     | Country     | To*             | From*          | Debt volume (mil. \$) |
|---------------|-----------|--|------------------------------|-------------|-----------------|----------------|-----------------------|
| Sept. 7, 2023 | Upgrade   | Credit Suisse AG (UBS Group AG)          | Financial Institutions       | Switzerland | A+/Stable       | A/Developing   | 37,302                |
| Sept. 1, 2023 | Downgrade | Carvana Co.                              | Automotive                   | U.S.        | D/NM            | CC/Negative    | 5,725                 |
| Sept. 7, 2023 | Upgrade   | Keter Group B.V.                         | Consumer Products            | Netherlands | CCC+/Developing | CCC/Watch Dev  | 3,497                 |
| Sept. 1, 2023 | Upgrade   | AppLovin Corp.                           | Media & Entertainment        | U.S.        | BB/Positive     | BB-/Stable     | 3,000                 |
| Sept. 6, 2023 | Downgrade | Diversified Healthcare Trust             | Homebuilders/Real Estate Co. | U.S.        | CCC-/Negative   | CCC+/Watch Pos | 2,850                 |
| Sept. 6, 2023 | Downgrade | Office Properties Income Trust           | Homebuilders/Real Estate Co. | U.S.        | BB-/Negative    | BB/Watch Neg   | 2,500                 |
| Sept. 4, 2023 | Upgrade   | Lenovo Group Ltd.                        | High Technology              | Hong Kong   | BBB/Stable      | BBB-/Positive  | 2,250                 |
| Sept. 5, 2023 | Upgrade   | Webuild S.p.A.                           | Homebuilders/Real Estate Co. | Italy       | BB/Stable       | BB-/Stable     | 2,053                 |
| Sept. 6, 2023 | Downgrade | ConvergeOne Holdings Inc.                | High Technology              | U.S.        | CCC+/Stable     | B-/Negative    | 1,385                 |
| Sept. 5, 2023 | Downgrade | Carestream Dental Technology Parent Ltd. | Health Care                  | U.K.        | CCC/Negative    | B-/Watch Neg   | 1,360                 |

Data as of Sept. 7, 2023. Note: Rating actions include financial and nonfinancial corporates and sovereign issuer credit ratings. Excludes rating actions with no debt and actions on local currency. \*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                  |
|---------------|--------------------------|----------------|---|----|------|-------------------------|
| Sept. 1, 2023 | Carvana Co.              | U.S.           | Automotive                                    | D  | CC   | Distressed exchange     |
| Sept. 7, 2023 | Cornerstone Chemical Co. | U.S.           | Chemicals, Packaging & Environmental Services | D  | CC   | Missed interest payment |

Data as of Sept. 7, 2023. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®. Excludes local currency defaults.

## Research Contributors

**Yogesh Kumar**  
Gurgaon

**Nivritti Mishra**  
Mumbai

**Deegant Pandya**  
New York

**Bushra Dawawala**  
Mumbai

## 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 rated 'CCC+' and below.

**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

**EM**--Emerging markets.

**IG**--Investment grade.

**PMI**--Purchasing Managers Index.

**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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