This Week In Credit

U.K. And China Lead Data-Light Week

S&P Global Ratings

This report does not constitute a rating action.

The Top Line | Nov. 6, 2023

With three new risky credits last week, the global count so far this year is up to 89. This is 40% higher than at the same time last year. In the week ahead, the U.K. will release its preliminary GDP data for the third quarter and China will release its October credit data (Friday). Markets are also expecting lower October inflation prints in both Germany and China (Wednesday) while Japan's September wage data (Monday) will be important for its medium-term inflation outlook. Australia's monetary policy meeting is on Monday, with markets expecting a 25-basis-point rate hike.

Key Takeaways

- Rating activity last week was predominantly negative with three new risky credits and four defaults. What's more, negative outlooks or CreditWatch placements outnumbered positive ones by a factor of 3.6.
- Two of the three risky credits and three of the four defaults were U.S. issuers, from a variety of sectors.
- Most benchmark rates dipped or were broadly steady, while corporate spreads and CDS narrowed across the board.

Ratings performance trends

The arrows indicate week over week trend

Rating actions

10	8	10	36
Upgrades	Downgrades	Positive OLCW changes	Negative OLCW changes

Rating transitions

1	0	3	4
Rising stars	Fallen angels	Risky credits	Defaults

Industries most at risk

Net outlook bias	Potential fallen angels	Weakest links
-17.5% Health care	6 Homebuilders/ Real Estate Co.	52 Consumer Products

U.S. distress ratio

7.2%

Ratings at a glance

North America		Europe		Asia-Pacific	
Net outlook bias	-10.7%	Net outlook bias	-4.9%	Net outlook bias	1.0%
Potential fallen angels ratio	2.9%	Potential fallen angels ratio	2.5%	Potential fallen angels ratio	2.4%
Weakest links ratio	16.0%	Weakest links ratio	9.3%	Weakest links ratio	1.9%

Data as of Nov. 2, 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.

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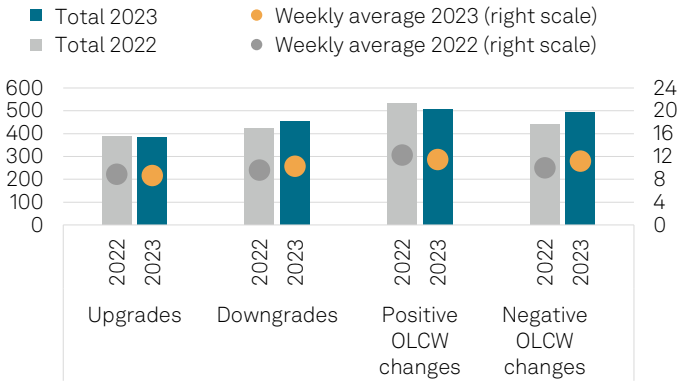
Year To This Week

Chart 1

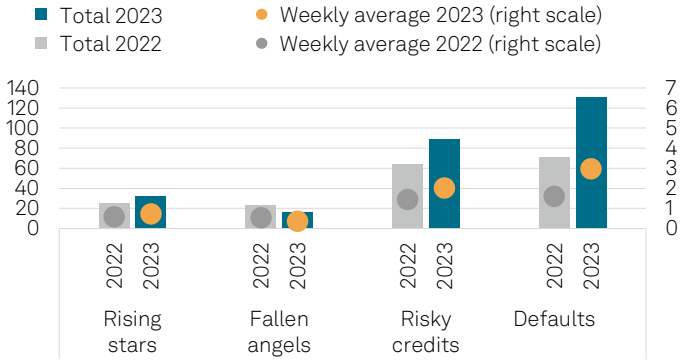
Rating actions
Year-to-date total and weekly average



Data as of Nov. 2 (2022 data is January to Nov. 2). OLCW--Outlook/ CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

Rating transitions
Year-to-date total and weekly average

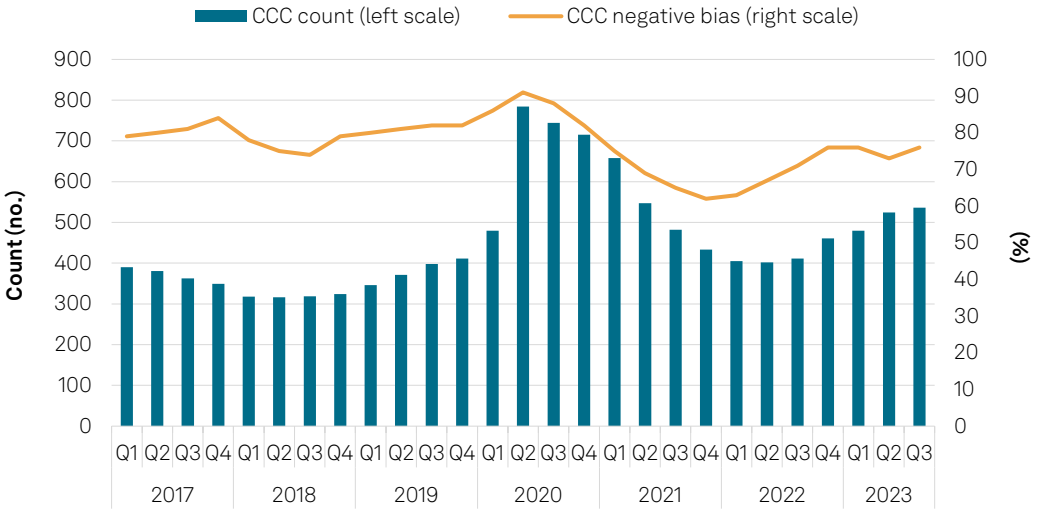


Data as of Nov. 2 (2022 data is January to Nov. 2). Source: S&P Global Ratings Credit Research & Insights.

Chart Of The Week

Chart 3

U.S. risky credits: More than three-quarters of the issuer population rated 'CCC+' or below is at risk of a downgrade



Note: Chart first appeared in "Credit Trends: Risky Credits: North American Telecoms In The Spotlight," published Nov. 1, 2023. Data as of Sept. 30, 2023. Note: Negative bias is the percentage of issuers with a negative outlook or a rating on CreditWatch negative. Source: S&P Global Ratings Credit Research & Insights.

Related Research

Credit Trends: U.S. Corporate Bond Yields As Of November 1, 2023, Nov. 3, 2023

Credit Trends: Risky Credits: North American Telecoms In The Spotlight, Nov. 1, 2023

Credit Trends: Europe's Risky Credits: Liquidity And Refinancing Risks Start To Bite, Nov. 1, 2023

Credit Trends: Risky Credits: Emerging Markets Hang In Balance, Nov. 1, 2023

Global Credit Markets Update Q4 2023: Hanging By A Thread, Oct. 31, 2023

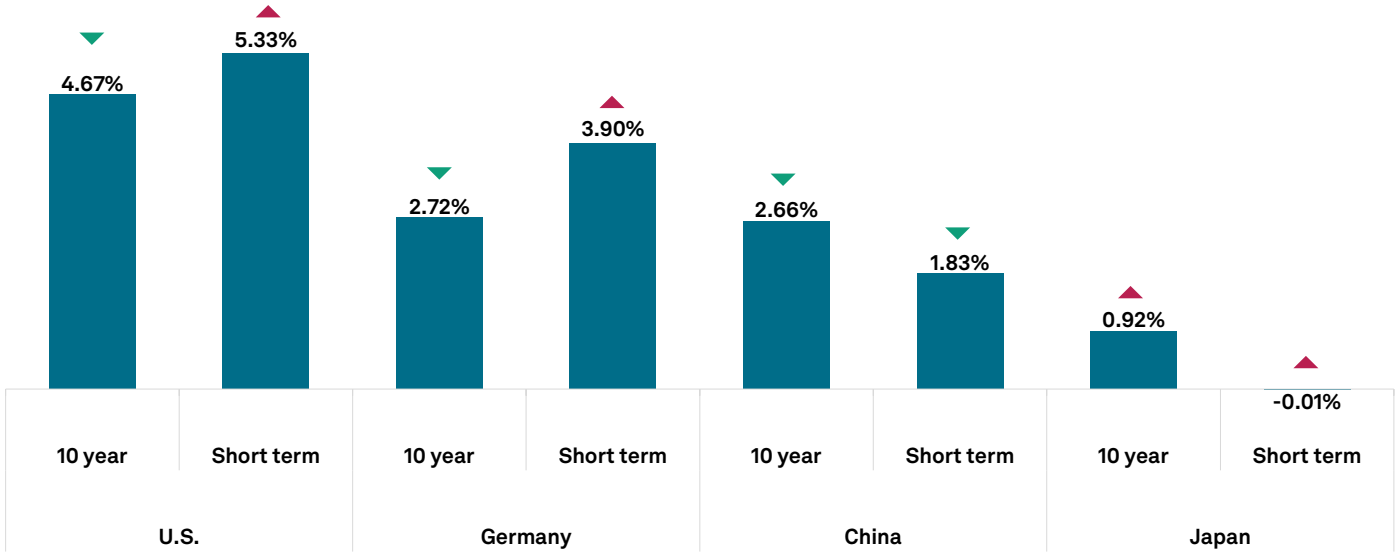
Upcoming Webinars

Asia-Pacific Credit Outlook 2024 Virtual Conference, Nov. 8, 2023

Credit Market Conditions

Chart 4

Benchmark yields



Data as of Nov. 2, 2023. Sources: S&P Global Market Intelligence, European Central Bank, People's Bank Of China. Short rates: U.S., SOFR; Germany, euro short-term rate; China, DR007; and Japan, uncollateralized overnight call rate.

Chart 5

Secondary market credit spreads

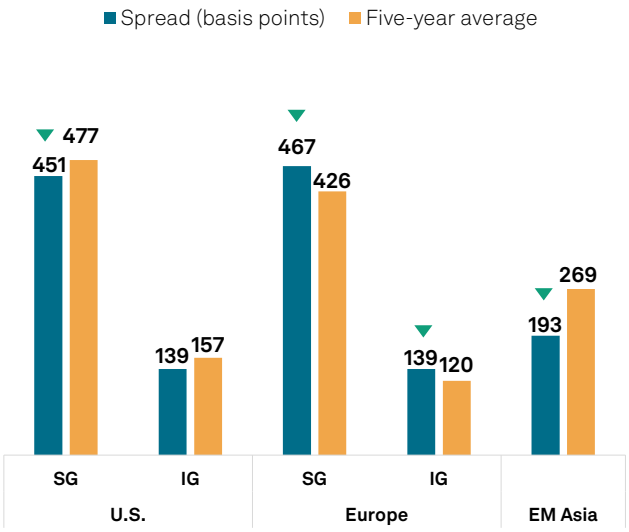
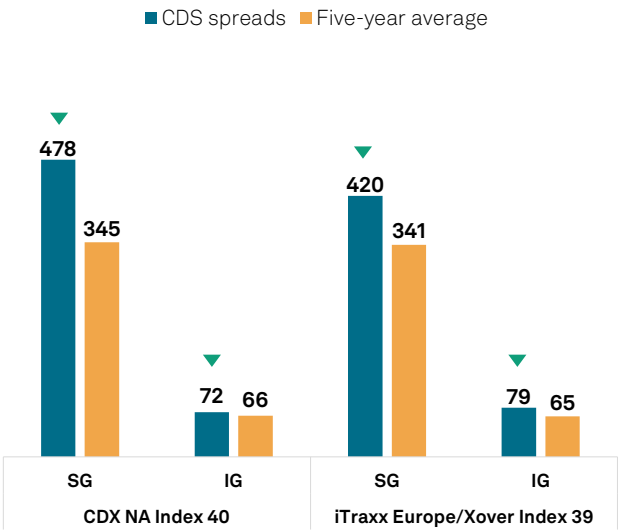


Chart 6

CDS pricing



Data as of Nov. 2, 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.

Table 1

Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. $)
Oct. 30, 2023	Upgrade	Ford Motor Co.	Automotive	U.S.	BBB-/Stable	BB+/Positive	113,328
Nov. 2, 2023	Upgrade	AbbVie Inc.	Health care	U.S.	A-/Stable	BBB+/Positive	59,181
Oct. 27, 2023	Upgrade	Republic of Costa Rica	Sovereign	Costa Rica	BB-/Stable	B+/Stable	6,000
Oct. 31, 2023	Downgrade	Anywhere Real Estate Group LLC	Media and entertainment	U.S.	B/Stable	B+/Negative	5,723
Nov. 1, 2023	Upgrade	Sunshine Luxembourg VII S.a r.l.	Consumer products	Switzerland	B/Stable	B-/Stable	4,395
Nov. 2, 2023	Upgrade	Project Alpha Intermediate Holding Inc.,	High technology	U.S.	B/Stable	B-/Watch Pos	4,018
Nov. 2, 2023	Upgrade	Permian Resources Corp.	Oil and gas	U.S.	BB-/Positive	B+/Watch Pos	3,450
Nov. 2, 2023	Upgrade	Lear Corp.	Automotive	U.S.	BBB/Stable	BBB-/Positive	2,600
Oct. 27, 2023	Downgrade	EyeCare Partners, LLC	Health care	U.S.	CCC/Negative	B-/Negative	2,200
Oct. 27, 2023	Downgrade	PHM Netherlands Midco B.V.	Forest products and building materials	Netherlands	CCC+/Negative	B-/Negative	2,121

Data as of Nov. 2, 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. D--Default.

Table 2

Last week's defaults

Date	Parent company	Country/ market	Subsector	To	From	Reason
Nov. 1, 2023	ClubCorp Holdings Inc.,	U.S.	Media and entertainment	SD	CC	Distressed exchange
Nov. 1, 2023	TortoiseEcofin Parent Holdco LLC	U.S.	Financial institutions	SD	CCC	Distressed exchange
Nov. 1, 2023	WeWork Cos. LLC	U.S.	Media and entertainment	SD	CCC	Missed interest payments
Nov. 2, 2023	Unigel Participacoes S.A.	Brazil	Chemicals, packaging and environmental services	D	CCC-	Missed interest payments

Data as of Nov. 2, 2023. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®. Excludes local currency defaults. SD--Selective default. D--Default.

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Glossary And Abbreviations

Ratings Performance Trends

Fallen angels--Issuers downgraded to speculative grade from investment grade.

Investment grade (IG)--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 with a negative outlook or CreditWatch placement.

Speculative grade (SG)--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

CDS--Credit default swaps.

DR007--Seven-day repurchase rate for depositary institutions.

ECB--European Central Bank

EM--Emerging markets.

U.S. PCE--United States Personal Consumption Expenditure Price Index

PMI--Purchasing Managers Index.

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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