

Defaults Creep Up

This report does not constitute a rating action.

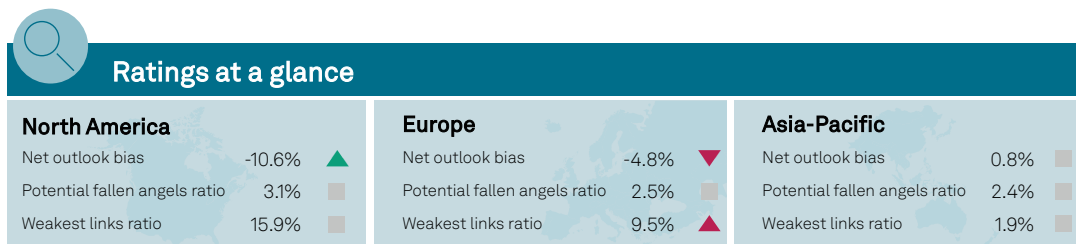
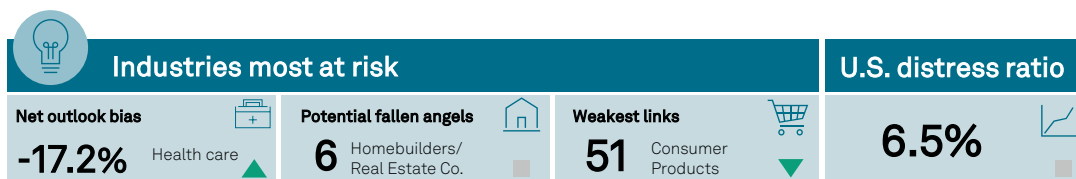
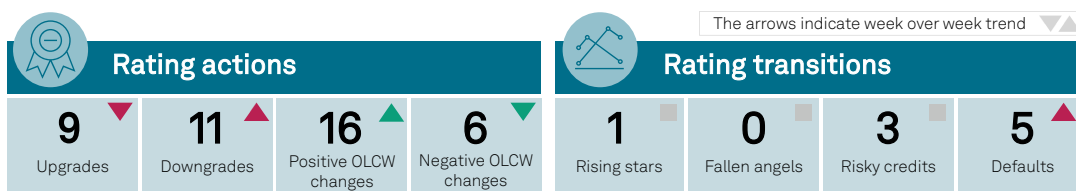
The Top Line | Nov. 20, 2023

Five defaults last week brought this year's total to 138, which is 1.8x higher than over the same period last year. Amid wide-ranging uncertainty, S&P Global Ratings expects the speculative-grade default rate to increase to 5.00% and 3.75%, for the U.S. and Europe, respectively, by September 2024. This week will be rather calm on the data front, with Thanksgiving holidays in the U.S. and minimal data from China and Japan. A global suite of flash PMI data for November will probably be this week's main point of interest, alongside CPI data for Canada and Japan and PPI for Germany.

Key Takeaways

- Positive outlook revisions and CreditWatch placements outnumbered negative ones last week, indicating a potential uptick in upgrades.
- All five defaults last week--the highest weekly count since mid-September--were due to distressed exchanges.
- Benchmark yields and CDS spreads generally narrowed last week.

Ratings performance trends



Data as of Nov. 16, 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

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

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

Vincent Conti
Singapore
+65-6216-1188
vincent.conti@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

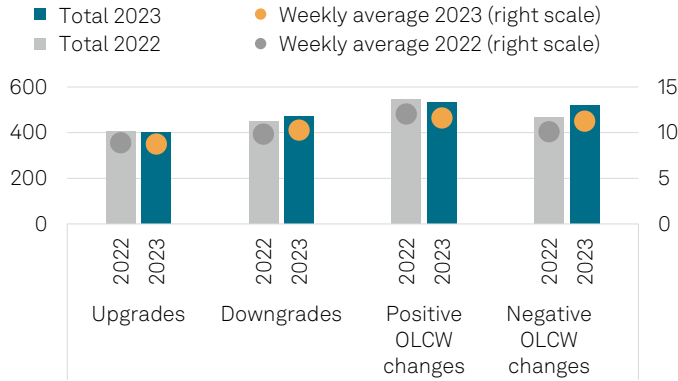


Year To This Week

Chart 1

Rating actions

Year-to-date total and weekly average

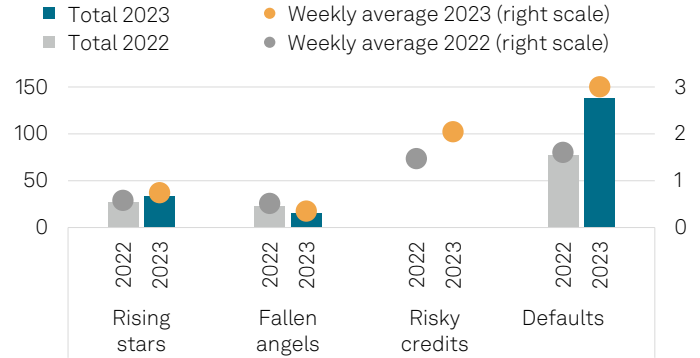


Data as of Nov. 16 (2022 data is January to Nov. 16). OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

Rating transitions

Year-to-date total and weekly average

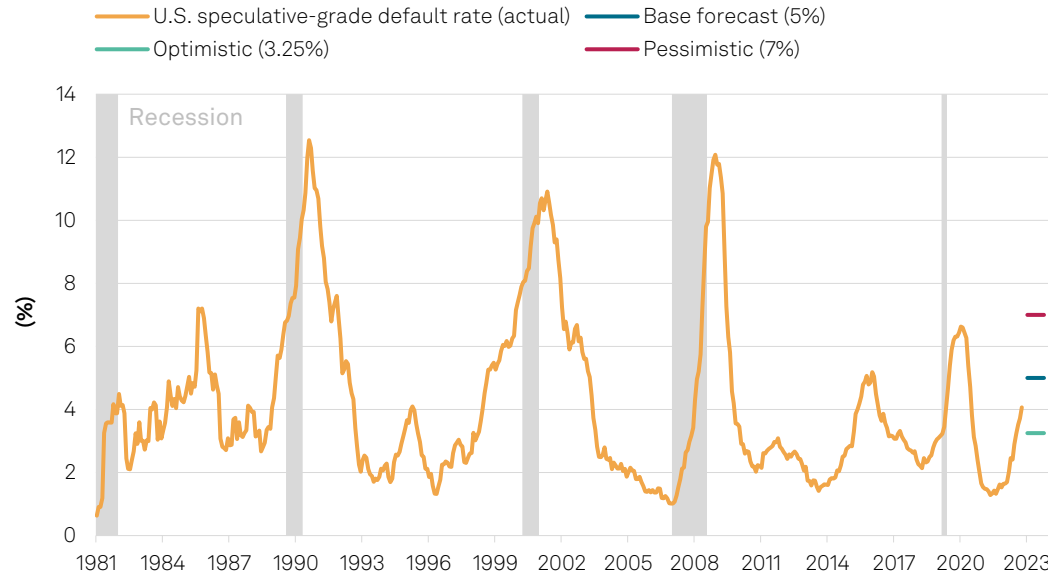


Data as of Nov. 16 (2022 data is January to Nov. 16). Source: S&P Global Ratings Credit Research & Insights.

Chart Of The Week

Chart 3

U.S. speculative-grade default rate expected to hit 5% in September



Note: Chart first appeared in "[Default, Transition, and Recovery: Higher Rates For Even Longer Could Push The U.S. Speculative-Grade Corporate Default Rate To 5% By September 2024](#)," published Nov. 16, 2023. Note: Shaded areas are periods of recession as defined by the National Bureau of Economic Research. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

Related Research

[Credit Trends: U.S. Corporate Bond Yields As Of Nov. 15, 2023](#), Nov. 17, 2023

[Elevated Interest Rates Could Push The European Speculative-Grade Corporate Default Rate To 3.75% By September 2024](#), Nov. 17, 2023

[Default, Transition, and Recovery: Higher Rates For Even Longer Could Push The U.S. Speculative-Grade Corporate Default Rate To 5% By September 2024](#), Nov. 16, 2023

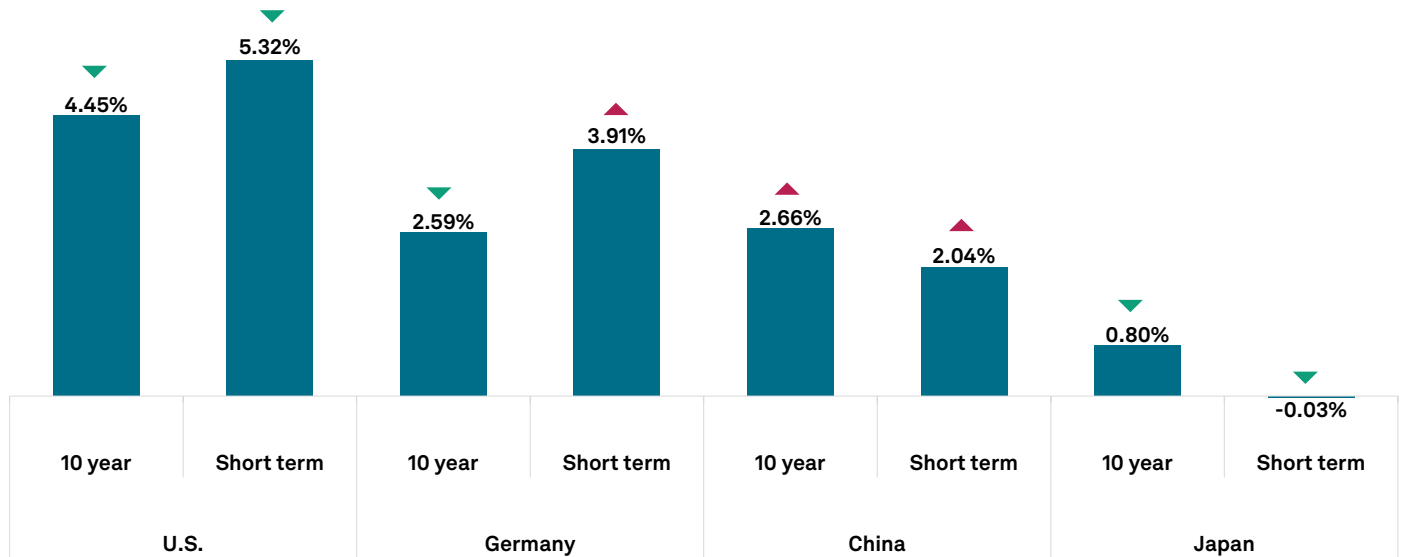
Upcoming Webinars

[Spotlight on Emerging Markets: South Africa's Credit Outlook Following The November Ratings Review](#), Nov. 23, 2023

Credit Market Conditions

Chart 4

Benchmark yields



Data as of Nov. 16, 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

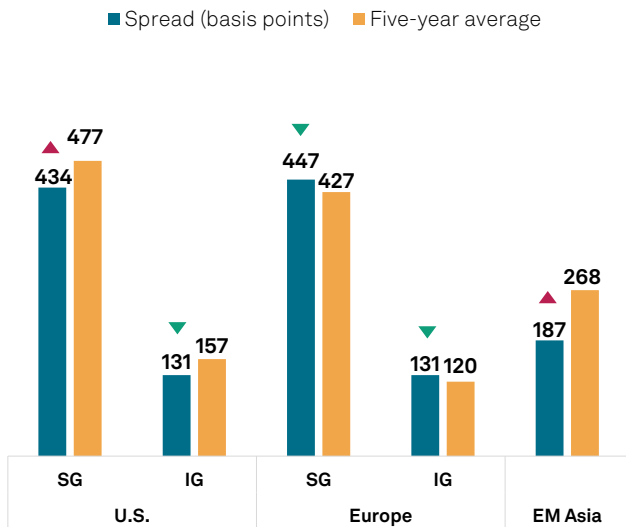
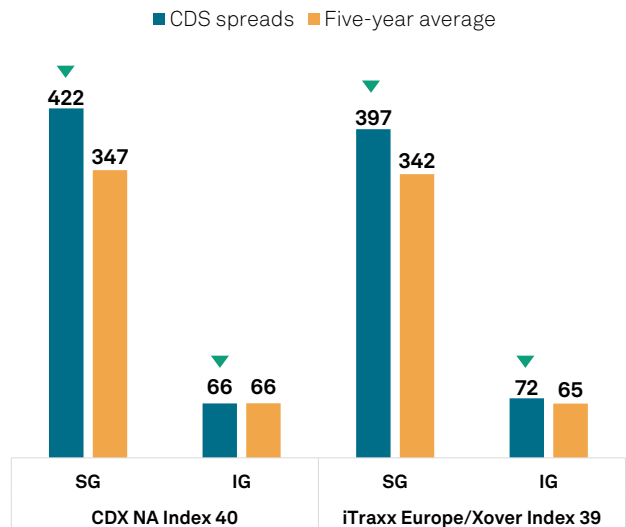


Chart 6

CDS pricing



Data as of Nov. 16, 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: Defaults Creep Up

Table 1

Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
Nov. 10, 2023	Downgrade	ARD Finance S.A.	Chemicals, packaging and environmental services	Luxembourg	B/Stable	B+/Stable	19,915
Nov. 14, 2023	Downgrade	Viasat Inc.	Telecommunications	U.S.	B+/Negative	BB-/Watch Neg	13,110
Nov. 15, 2023	Upgrade	Wynn Resorts Ltd.	Media and entertainment	U.S.	BB-/Stable	B+/Positive	12,275
Nov. 14, 2023	Upgrade	Tata Motors Ltd.	Automotive	India	BB+/Positive	BB/Stable	5,952
Nov. 10, 2023	Upgrade	Air Canada	Transportation	Canada	BB-/Positive	B+/Positive	4,949
Nov. 10, 2023	Downgrade	Telesat Canada	Telecommunications	Canada	SD/NM	CCC+/Negative	3,359
Nov. 16, 2023	Downgrade	Tullow Oil PLC	Oil and gas	U.K.	CC/Negative	CCC+/Stable	2,600
Nov. 10, 2023	Upgrade	Birkenstock Financing S.a.r.l.	Consumer products	Germany	BB-/Stable	B+/Stable	1,712
Nov. 10, 2023	Downgrade	Enviva Inc.	Utilities	U.S.	CCC-/Negative	B/Negative	1,500
Nov. 14, 2023	Downgrade	WCG Purchaser Corp	Health care	U.S.	B-/Stable	B/Negative	1,445

Data as of Nov. 16, 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. SD--Selective default.

Table 2

Last week's defaults

Date	Parent company	Country/ market	Subsector	To	From	Reason
Nov. 10, 2023	Telesat Canada	Canada	Telecommunications	SD	CCC+	Distressed exchange
Nov. 13, 2023	API Holdings III Corp.	U.S.	Aerospace and defense	SD	CCC+	Distressed exchange
Nov. 13, 2023	Quincy Health, LLC	U.S.	Health care	SD	CCC	Distressed exchange
Nov. 14, 2023	MHP SE	Ukraine	Consumer products	SD	CC	Distressed exchange
Nov. 15, 2023	Moran Foods, LLC	U.S.	Retail/restaurants	SD	CCC+	Distressed exchange

Data as of Nov. 16, 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.

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 (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.

CPI--Consumer price index.

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

EM--Emerging markets.

SOFR--Secured overnight financing rate.

Note: For definitions of ratings, outlooks, CreditWatch status, and other credit terms, see: "[S&P Global Ratings Definitions.](#)"

This Week In Credit: Defaults Creep Up

Copyright © 2023 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge) and www.ratingsdirect.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/ratings/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.