

This Week In Credit

Defaults Stood Out In A Quiet Ratings Week

This report does not constitute a rating action.

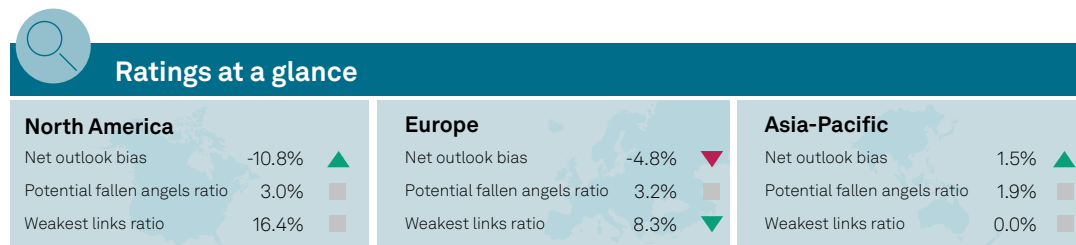
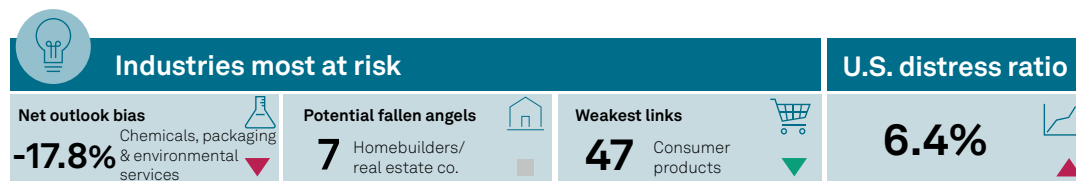
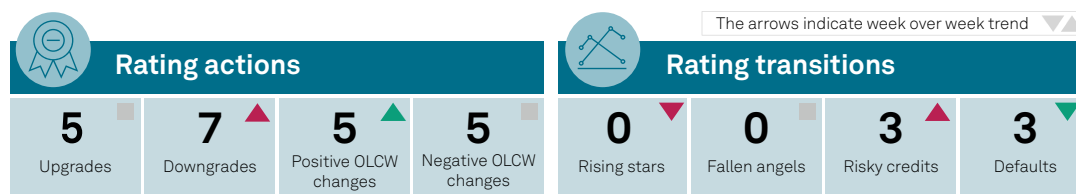
The Top Line | Jan. 22, 2024

Three more defaults last week--in an otherwise relatively quiet week for rating activity--bring this year's default count to nine, versus two over the same period last year. Also, there were three new risky credits, two of which are in the U.S. This week's focus is likely to be on communication rather than actions given Tuesday's BOJ meeting and the ECB one on Thursday. The Fed's blackout period ahead of next week's meeting, the advance estimate of U.S. fourth-quarter GDP (Thursday), and the core PCE numbers (Friday) will also be followed closely. A series of global flash PMIs for January and consumer confidence surveys in Europe will be a preview of the first quarter's economic activity and sentiment.

Key Takeaways

- All three of last week's defaults were due to distressed exchanges, two of which were issuers from the U.S consumer products sector.
- Chemicals, packaging, and environmental services became the sector with the highest net negative bias, at 17.8%, amid S&P Global Ratings' expectations that the petrochemicals' industry will face more challenges this year.
- Wavering market confidence regarding the timing and pace of global rate cuts led to a mixed week for pricing, notably with rising benchmark yields and CDS pricing.

Ratings performance trends



Data as of Jan. 18, 2024. 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. Last week's downgrade count has been corrected to 3. Source: S&P Global Ratings Credit Research & Insights.

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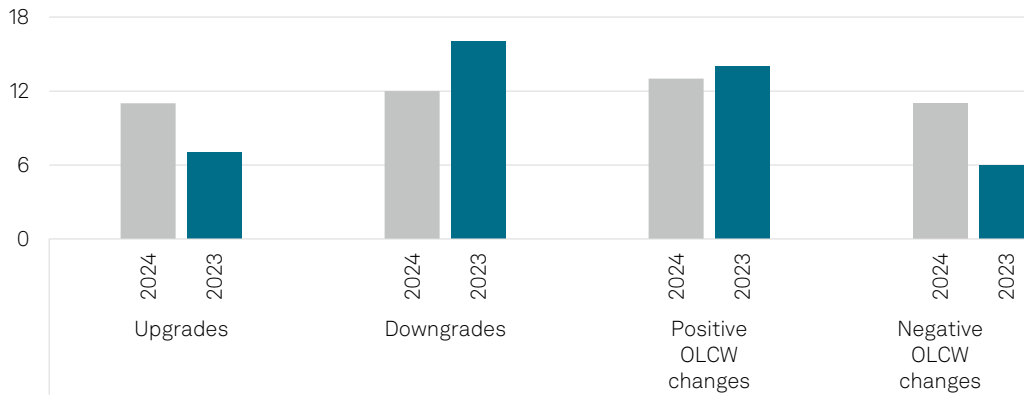


Year To This Week

Chart 1

Rating actions

Year-to-date totals

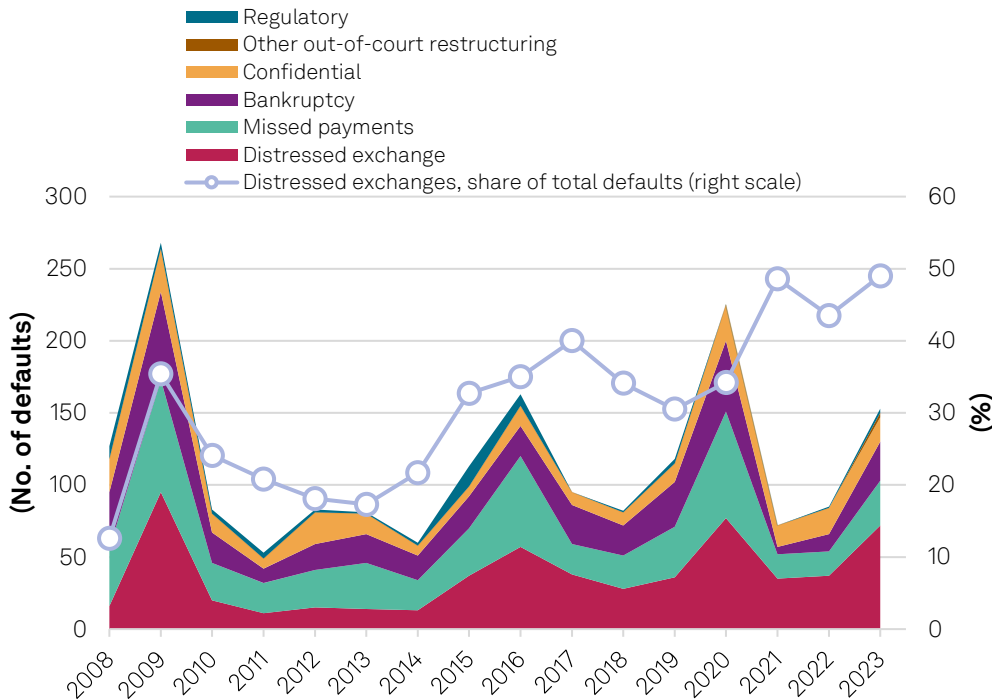


Data as of Jan. 18, 2024 (2023 data is through Jan.18). OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart Of The Week

Chart 2

Distressed exchanges made up nearly half of all defaults in 2023



Note: Chart first appeared in "[Default, Transition, and Recovery: Corporate Defaults Jumped 80% In 2023 To 153](#)," published Jan. 16, 2024. Data is as of Dec. 31, 2023, and has been updated to include confidential issuers. Source: S&P Global Ratings Credit Research & Insights. Source: S&P Global Ratings.

Related Research

[U.S. Corporate Bond Yields As Of Jan. 17, 2023](#), Jan. 19, 2024

[ESG In Credit Ratings January 2024: 2023 In Review](#), Jan. 18, 2024

[Default, Transition, and Recovery: Corporate Defaults Jumped 80% In 2023 To 153](#), Jan. 16, 2024

Upcoming Webinars

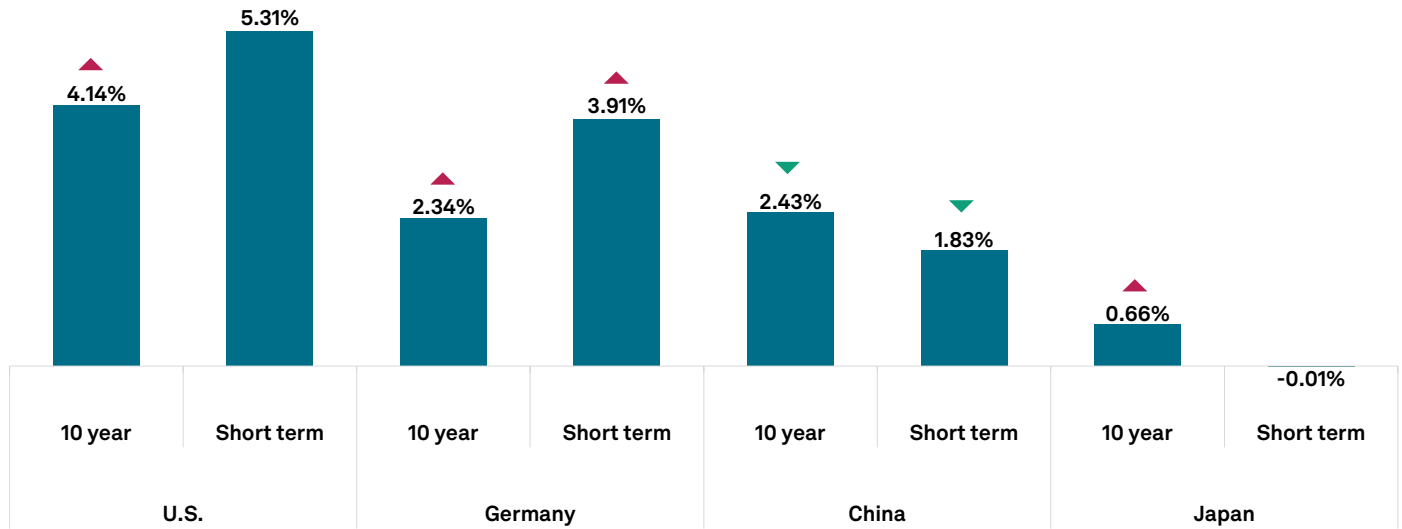
[The Top Trends Shaping European Bank Ratings And Covered Bond Issuance In 2024](#), Jan. 24, 2024

[2024 US Dividend Outlook](#), Jan. 25, 2024

Credit Market Conditions

Chart 3

Benchmark yields



Data as of Jan. 18, 2024. 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 4

Secondary market credit spreads

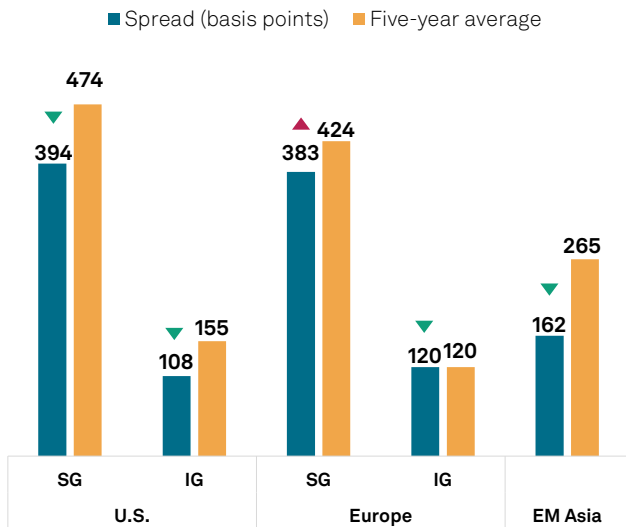
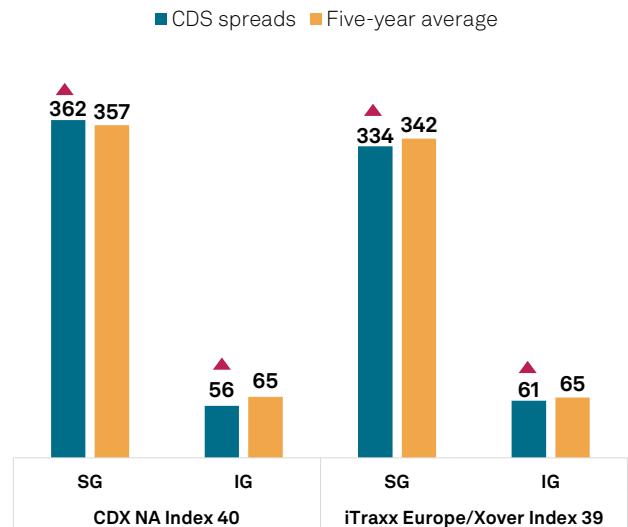


Chart 5

CDS pricing



Data as of Jan. 18, 2024. 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.

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Table 1

Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
Jan. 16, 2024	Downgrade	DISH Network Corp. (EchoStar Corp.)	Telecommunications	U.S.	CC/Negative	CCC+/Negative	22,500
Jan. 17, 2024	Upgrade	NGL Energy Partners LP	Utilities	U.S.	B/Stable	B-/Stable	7,300
Jan. 12, 2024	Upgrade	WEC US Holdings Ltd.	Capital goods	U.S.	B+/Stable	B/Positive	7,050
Jan. 12, 2024	Downgrade	DTZ UK Guarantor Ltd.	Financial institutions	U.K.	BB-/Negative	BB/Stable	5,716
Jan. 12, 2024	Downgrade	GoTo Group Inc.,	High technology	U.S.	CCC+/Negative	B-/Negative	3,000
Jan. 17, 2024	Upgrade	Fitness International, LLC	Media and entertainment	U.S.	B/Stable	B-/Positive	2,550
Jan. 16, 2024	Downgrade	Brandywine Realty Trust Inc.	Homebuilders/real estate co.	U.S.	BB/Negative	BB+/Negative	1,500
Jan. 16, 2024	Downgrade	Baffinland Iron Mines Corp.	Metals, mining, and steel	Canada	CCC/Negative	B-/Stable	1,150
Jan. 18, 2024	Upgrade	Mytilineos S.A.	Metals, mining, and steel	Greece	BB+/Stable	BB/Positive	1,088
Jan. 17, 2024	Downgrade	TMK Hawk Parent Corp.,	Consumer products	U.S.	SD/--	CC/Negative	936

Data as of Jan. 18, 2024. 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. D--Default.

Table 2

Last week's defaults

Date	Parent company	Country/market	Subsector	To	From	Reason
Jan. 16, 2024	Covis Finco S.a r.l	Switzerland	Health care	SD	CCC-	Distressed exchange
Jan. 17, 2024	TMK Hawk Parent Corp.,	U.S.	Consumer products	SD	CC	Distressed exchange
Jan. 18, 2024	KNS Holdco LLC	U.S.	Consumer products	SD	B-	Distressed exchange

Data as of Jan. 18, 2024. 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.

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](#)."

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