

This report does not constitute a rating action. Data includes financial and nonfinancial corporates and sovereigns.

Q1 2024: Ray Of Sunlight

More positive rating trends emerged in the first quarter of 2024, particularly for North American corporates, although default rates across all regions continue to tick up. Pronounced sector and regional divergence trends will likely remain as uncertainty regarding economic growth, the speed and timing of major central bank rate cuts, and geopolitical escalation risks remain front and center.

[Explore the data in our interactive dashboard >](#)

Primary Contacts

Zev Gurwitz
New York
+1-212-438-7128
zev.gurwitz
@spglobal.com

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

Patrick Drury Byrne
Dublin
+00353-568-0605
patrick.drurybyrne
@spglobal.com

Research Contributor

Nivritti Mishra
Mumbai

Key takeaways

Rating actions

- Rating trends were more positive in Q1 2024 compared with Q4 2023 as upgrades outpaced downgrades for the first time since Q2 2022.
- Speculative-grade media and entertainment issuers led upgrades--the majority of which were gaming, lodging, and leisure issuers who are continuing to see positive credit implications from strong group and business travel demand.
- North America was generally more positive than the other regions as upgrades rose quarter on quarter while falling across Europe, Asia-Pacific (APAC), and emerging market (EM) regions.

Rating bias

- The ratings bias picture is increasingly sector specific. Negative bias (issuers with a negative outlook or on CreditWatch negative) rose in the metals, mining, and steel sector (up 3.6% to 19.4%) in Q1 2024, while insurance issuers saw the greatest drop in negative bias (down 3.9% to 6.1%).
- North America was the only region to see a drop in negative bias from December 2023, (to 17.2% from 18.1%) while the negative bias across EMs, Europe, and APAC increased.

Corporate defaults

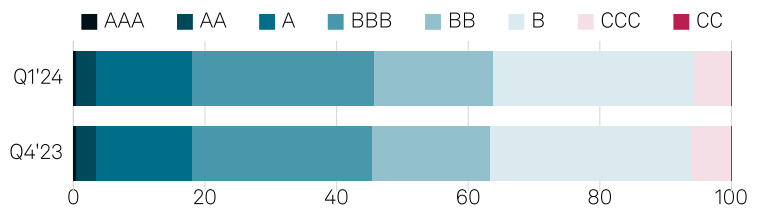
- Defaults rose in Q1 2024 by 6% from the prior quarter to 37, pushing up default rates across all regions.
- Both the U.S. and Europe experienced an increase in defaults from the prior quarter, but Europe has seen its highest year-to-date level of defaults since 2008.
- We expect the U.S. and European trailing-12-month speculative-grade corporate default rate to reach 4.75% and 3.50%, respectively, by December 2024.

Rating Actions And Distribution

Rating actions

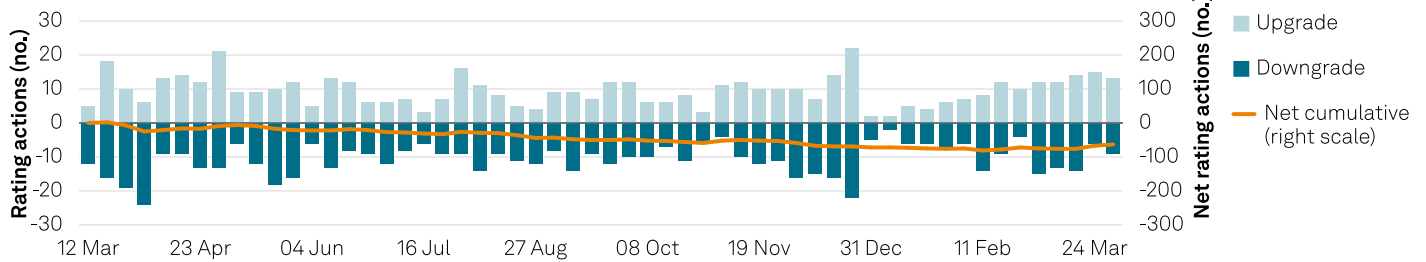
Rating	Q4'23 (no.)	Q1'24 (no.)	Change (%)
Upgrades	121	120	-1
Downgrades	145	111	-23
Outlook and CW			
Positive	151	128	-15
Negative	143	112	-22

Rating distribution (%)



Global rating actions*

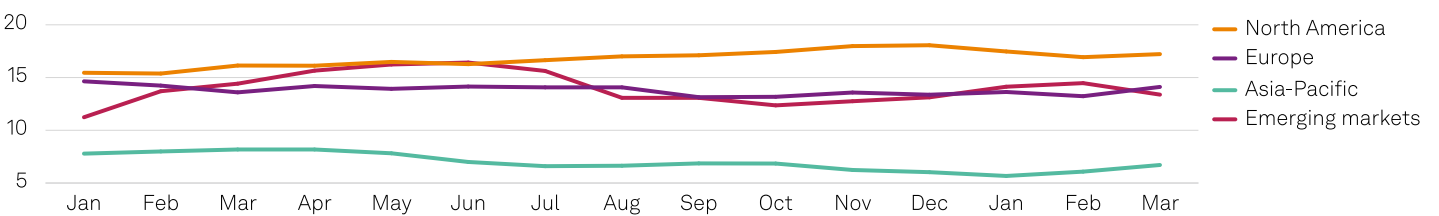
Q1 2024 rating actions



Data as of Mar. 31, 2024. *Downgrades are shown as negative numbers. Rating distribution only includes issuers with a negative, positive, or stable outlook and CreditWatch. Includes nonfinancial and financial corporates and sovereigns, excludes defaults. CW--CreditWatch. Net cumulative--Total net negative rating actions. Source: S&P Global Ratings Credit Research & Insights.

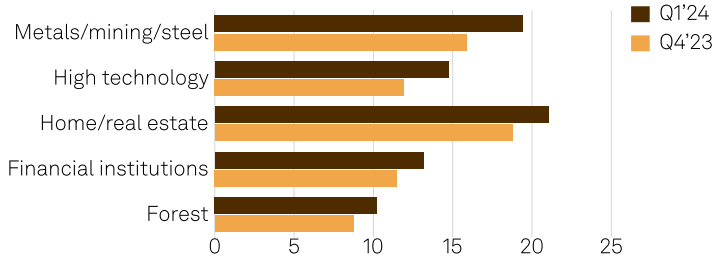
Rating Bias

Regional negative bias (%)



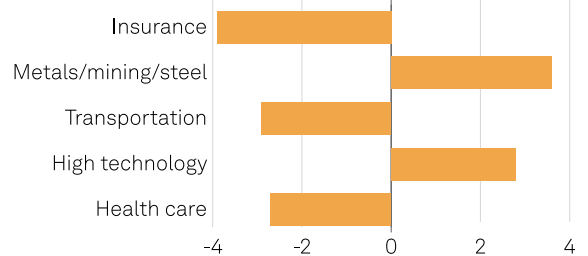
Negative bias by sector (%)

Top five based on highest negative bias in Q1 2024



Negative bias change by sector (QoQ % change)

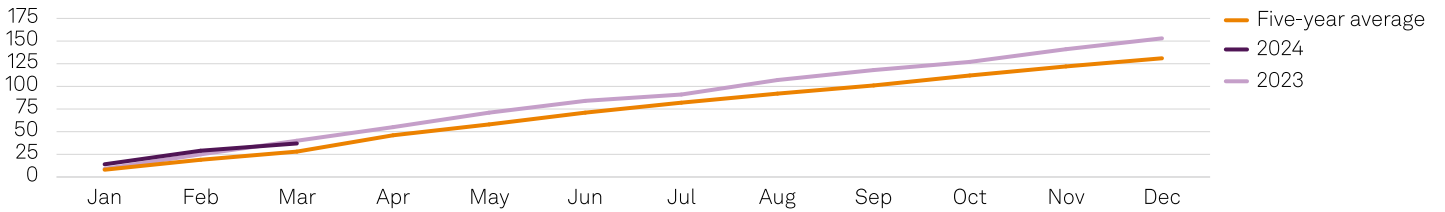
Top five with the largest QoQ change



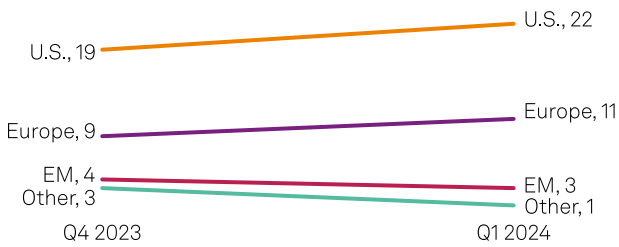
Data as of Mar. 31, 2024. Includes nonfinancial and financial corporates and sovereigns. Note: To ensure better regional alignment, we have incorporated minor adjustments to the country composition of certain regions. Negative bias change by sector includes quarter-over-quarter percentage point change. Negative bias-- Percentage of issuers with negative outlooks or ratings on CreditWatch negative. Source: S&P Global Ratings Credit Research & Insights.

Corporate Defaults

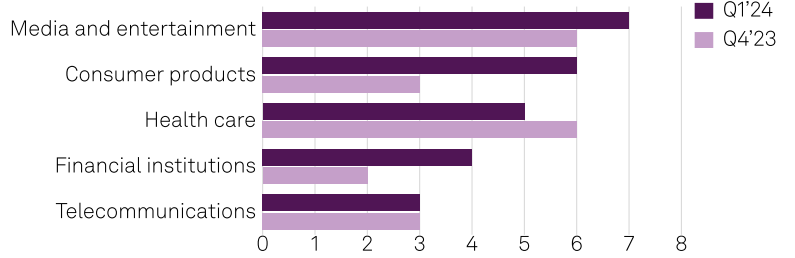
Monthly default count (no.)



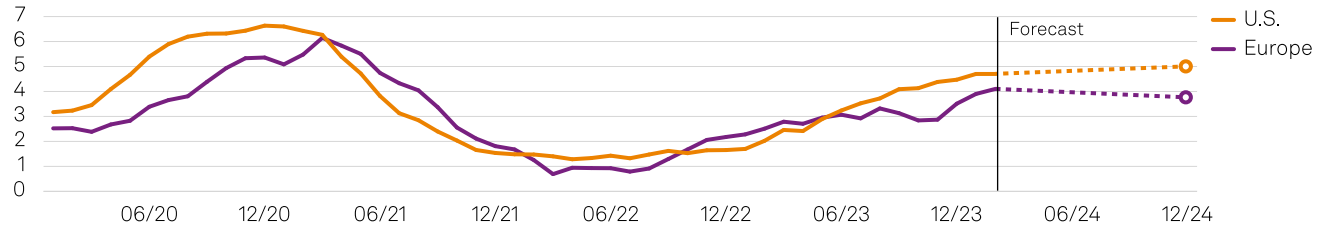
Defaults by region (no.)



Defaults by sector, top five (no.)



Speculative-grade default forecast (%)



Data as of Mar. 31, 2024. Includes nonfinancial and financial corporates as well as confidential issuers. EM--Emerging markets. Other--Developed regions include Canada, Japan, New Zealand, and Australia. U.S. and Europe default rates are as of Dec. 31, 2023, while forecast default rates are as of Dec. 31, 2024.
Source: S&P Global Ratings Credit Research & Insights.

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