S&P Global
Ratings

Investment-Grade Credit Check Q2 2024

Pressure Points

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This report does not constitute a rating action

Contents

Investment Grade Landscape
- Overview
- Quarterly Soundbite
- Ratings Snapshot
- What To Watch
- Global Macroeconomic Update

Rating Performance Trends
- Upgrades/Downgrades
- Bias Trends By Region And Ratings
- Bias Trends By Sector
- Debt Outstanding
- Fallen Angels/Rising Stars
- Transition Matrices

Credit Pricing Themes
- Market Benchmarks

Glossary

Related Research

Contacts

Investment Grade Landscape

Read on ↓

S&P Global
Ratings

Overview

Investment Grade Landscape
» Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

Contacts

The Top Line

Investment-grade credit trends improved over Q1 of 2024 as upgrades (including a healthy number of rising stars) outpaced downgrades--reversing the trend of Q4 of 2023. However, recent increases in negative outlook/ CreditWatch suggest this trend may not be sustainable. Market tone has also shifted since the start of Q2 of 2024 due to rising geopolitical risks and tempered expectations regarding U.S rate cuts. Some sectors that were already subject to potential stress may prove increasingly susceptible to risks and uncertainties--including U.S and European homebuilders and real estate, U.S. regional banks, and U.S. chemical issuers.

Key Investment-Grade Takeaways

- Upgrades (led by financial institutions) marginally outpaced downgrades in Q1 of 2024, a reversal of the trend we saw in Q4 of 2023.
- Competing forces are impacting utilities, which accounted for both the second highest number of upgrades and the highest number of downgrades (led by four U.S. based utilities).
- Similar to Q4 2023, in Q1 of 2024 rising stars (10) were just over double fallen angels (4), led by the insurance sector.
- Homebuilders and real estate is now the sector with the highest negative bias, driven by seven new additions.
- Weakening office dynamics and commercial real estate (CRE) risks added pressure to negative bias, with five U.S. regional bank outlooks revised to negative due to CRE risks.

Quarterly Soundbite: CRE Risks Weigh On Outlook

Investment Grade Landscape
- Overview
- **» Quarterly Soundbite**
- Ratings Snapshot
- What To Watch
- Global Macroeconomic Update

Rating Performance Trends
- Upgrades/Downgrades
- Bias Trends By Region And Ratings
- Bias Trends By Sector
- Debt Outstanding
- Fallen Angels/Rising Stars
- Transition Matrices

Credit Pricing Themes
- Market Benchmarks

Glossary

Related Research

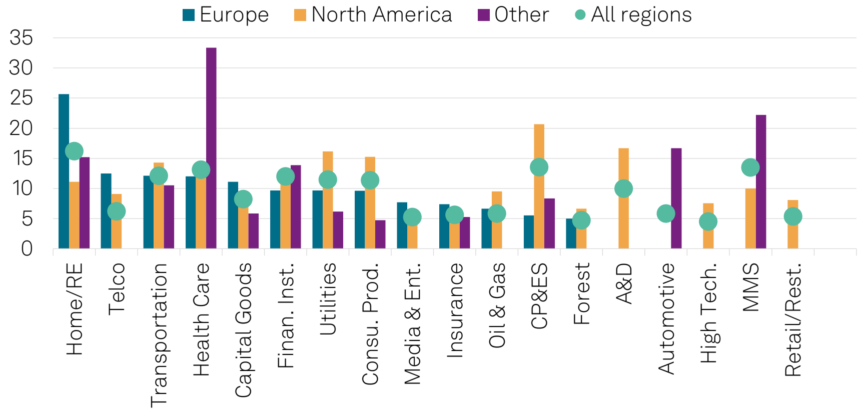
Contacts

CRE remains a pressure point. The homebuilders and real estate sector showed **the largest increase in negative bias in Q1**, with seven issuers globally revised to negative outlooks. Two additions to that list were U.S. based issuers where we cited **lower office utilization and tenant retention** as reasons for the change. Consequently, in the U.S., we now cite weakening office dynamics for four issuers on negative outlooks. Higher interest rates also weigh on valuations and financing costs, while declining demand for office spaces exacerbates downward property price pressures. In Europe, there were two new additions to negative outlooks, increasing the number of homebuilders and real estate names to a **total of 10, which is the highest of any region.**

Changing office dynamics are being felt downstream in other sectors too. On March 26, **five U.S. regional banks were revised to negative outlooks due to CRE risks**. In Europe, there was a second consecutive downgrade of a bank in as many quarters, due to Deutsche Pfandbriefbank's continuing CRE challenges. Most European banks' CRE exposure remains manageable, though German and Swedish banks are relatively more exposed.

Homebuilders and real estate negative bias has increased

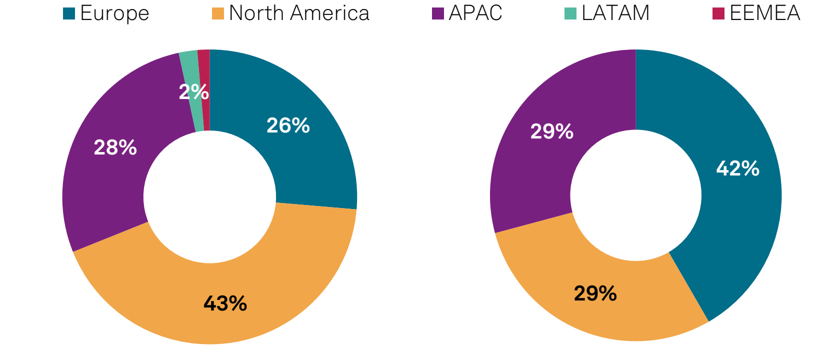
Issuers on negative outlook or CreditWatch (%)



Europe has 25% of homebuilder and real estate issuers but 42% of the sectors negative-bias population

Home/RE distribution

Negative bias distribution



Data as of March 31, 2024. Negative bias--percentage of issuers with negative outlooks or ratings on CreditWatch negative. Source: S&P Global Ratings Credit Research and Insights.

S&P Global Ratings

Quarterly Ratings Snapshot

Investment Grade Landscape
- Overview
- Quarterly Soundbite
- » **Ratings Snapshot**
- What To Watch
- Global Macroeconomic Update

Rating Performance Trends
- Upgrades/Downgrades
- Bias Trends By Region And Ratings
- Bias Trends By Sector
- Debt Outstanding
- Fallen Angels/Rising Stars
- Transition Matrices

Credit Pricing Themes
- Market Benchmarks

Glossary

Related Research

Contacts

Most likely to see downgrades Highest negative biases		Most likely to see upgrades Highest positive biases
AA **18.5%** ↑	**Rating category**	BBB- **10.4%** ↑
Latin America **25.0%** ↓	**Region**	Asia-Pacific **7.8%** ↑
Homebuilders and real estate companies **16.2%** ↑ Chemicals, packaging, and environmental services **13.6%** ↑	**Sectors**	Oil and gas **13.7%** ↓ Financial institutions **9.3%** ↑

Change from previous period

Positive | No change | Negative

Data as of March 31, 2024. Data includes financial and nonfinancial corporates.
Source: S&P Global Ratings Credit Research & Insight.

What To Watch

Investment Grade Landscape
- Overview
- Quarterly Soundbite
- Ratings Snapshot
- **» What To Watch**
- Global Macroeconomic Update

Rating Performance Trends
- Upgrades/Downgrades
- Bias Trends By Region And Ratings
- Bias Trends By Sector
- Debt Outstanding
- Fallen Angels/Rising Stars
- Transition Matrices

Credit Pricing Themes
- Market Benchmarks

Glossary

Related Research

Contacts

Positive change | No change | Negative change

	Highest potential for downgrades				Highest potential for upgrades			
			Highest number of issuers with a negative outlook/CreditWatch				Highest number of issuers with a positive outlook/CreditWatch	
Issuer count	Rating category	Negative bias	Sector	Region	Rating category	Positive bias	Sector	Region
AAA (6)	AAA	16.7%	Health care (1)	U.S. (1)	AAA	0.0%	-	-
AA+ (22)	AA+	4.5%	Oil and gas (1)	Europe (1)	AA+	0.0%	-	-
AA (27)	AA	18.5%	Financial institutions (3)	Europe (5)	AA	0.0%	-	-
AA- (57)	AA-	7.0%	Consumer products/ Financial institutions/ Transportation/Utilities (1)	Europe (2)	AA-	1.8%	Insurance (1)	Europe (1)
A+ (116)	A+	5.2%	Utilities (2)	Asia-Pacific (3)	A+	1.7%	Financial institutions/ Health care (1)	Asia-Pacific/ Canada (1)
A (196)	A	8.7%	Financial institutions (6)	Europe (7)	A	4.1%	Insurance (4)	Europe (3)
A- (272)	A-	10.3%	Utilities (6)	Europe (11)	A-	2.6%	Aerospace and defense/ Financial institutions/ High technology/ Insurance/ Media and entertainment/ Oil and gas/ Utilities (1)	Europe (4)
BBB+ (347)	BBB+	10.7%	Financial institutions (12)	U.S. (16)	BBB+	7.2%	Financial institutions (6)	U.S. (11)
BBB (433)	BBB	10.4%	Financial institutions (13)	U.S. (21)	BBB	6.5%	Financial institutions (17)	Asia-Pacific (13)
BBB- (336)	BBB-	11.6%	Financial institutions/ Homebuilders and real estate co. (8)	U.S. (19)	BBB-	10.4%	Financial institutions (12)	U.S. (15)

Data as of March 31, 2024. Data excludes special purpose vehicles and issuers in the diversified sector. Source: S&P Global Ratings.

S&P Global Ratings

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
» Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

Contacts

S&P Global
Ratings

Global Macroeconomic Update

Positive change | No change | Negative change

	Forecast					Change			
	23	24	25	26	27	23	24	25	26
U.S.	2.5	2.5	1.5	1.7	1.9	0.1	1.0	0.1	(0.1)
Eurozone	0.5	0.7	1.3	1.3	1.3	(0.1)	(0.1)	(0.2)	(0.1)
Germany	(0.1)	0.3	1.2	1.2	1.1	0.0	(0.2)	(0.3)	(0.2)
France	0.9	0.8	1.4	1.4	1.3	(0.1)	(0.1)	(0.2)	0.1
Italy	1.0	0.6	1.1	1.1	1.0	0.3	0.1	0.0	(0.2)
Spain	2.5	1.8	1.9	2.0	2.1	0.2	0.0	(0.1)	(0.1)
U.K.	0.1	0.3	1.4	1.7	1.7	(0.3)	(0.1)	0.0	0.1
Asia-Pacific									
China	5.2	4.6	4.8	4.6	4.4	(0.1)	0.0	0.1	0.0
Japan	1.9	0.8	1.1	0.9	0.9	0.2	(0.1)	0.1	0.0
India*	7.6	6.8	6.9	7.0	7.0	1.2	0.4	0.0	0.0
Emerging economies									
Mexico	3.2	2.5	1.8	2.2	2.3	(0.1)	0.6	(0.2)	0.0
Brazil	2.9	1.8	2.0	2.1	2.2	0.0	0.3	0.0	0.1
South Africa	0.6	1.3	1.5	1.4	1.4	(0.2)	(0.2)	(0.1)	(0.2)
World§	**3.4**	**3.2**	**3.3**	**3.3**	**3.3**	**0.1**	**0.4**	**0.1**	**0.0**

*Fiscal year, beginning April 1 in the reference calendar year. §World GDP is in purchasing power parity terms, based on a sample of 33 countries we cover (excluding Russia). Colors indicate change from prior forecast.
Sources: S&P Global Market Intelligence, S&P Global Ratings (forecasts).

Top Global Trends/Risks

- S&P Global Ratings' baseline GDP forecast includes higher 2024 growth, supported by upward revisions to the U.S. and India, and continued strong labor demand.
- Resilient labor markets, reflecting relatively strong services demand and hoarding of employees, have tempered the slowdown and helped avoid recessions, at least so far.
- Downside risks are posed by the potential for sharply weaker services, a stronger U.S. dollar, and geopolitical considerations, including a spate of elections.

Rating Performance Trends

Read on ↓

S&P Global
Ratings

Upgrades/Downgrades

Investment Grade Landscape
- Overview
- Quarterly Soundbite
- Ratings Snapshot
- What To Watch
- Global Macroeconomic Update

Rating Performance Trends
- **» Upgrades/Downgrades**
- Bias Trends By Region And Ratings
- Bias Trends By Sector
- Debt Outstanding
- Fallen Angels/Rising Stars
- Transition Matrices

Credit Pricing Themes
- Market Benchmarks

Glossary

Related Research

Contacts

S&P Global
Ratings

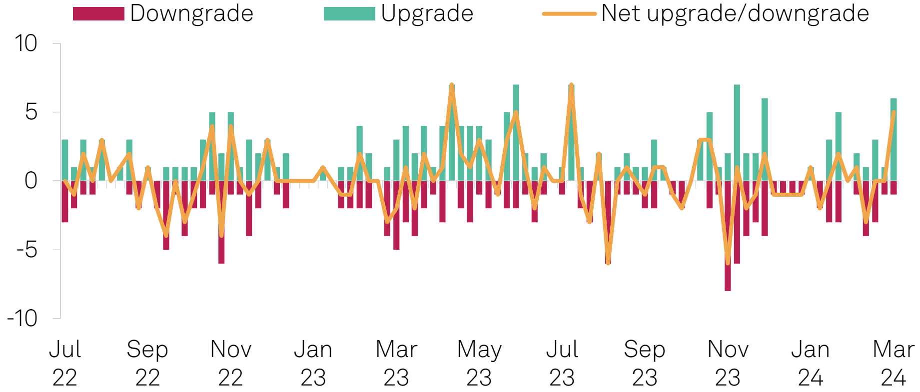
Investment-grade upgrades (22) outnumbered downgrades (21) in Q1. This is a reversal of the past two quarters, when downgrades exceeded upgrades.

Utilities companies led downgrades with five (24% of all downgrades), four of which were U.S.-based issuers. European banks followed, with three downgrades during Q1 2024, namely: **Dexia S.A.; Aegon Bank N.V.;** and **Deutsche Pfandbriefbank AG**. This is the second consecutive quarterly downgrade for **Deutsche Pfandbriefbank AG** where we have cited commercial real estate challenges.

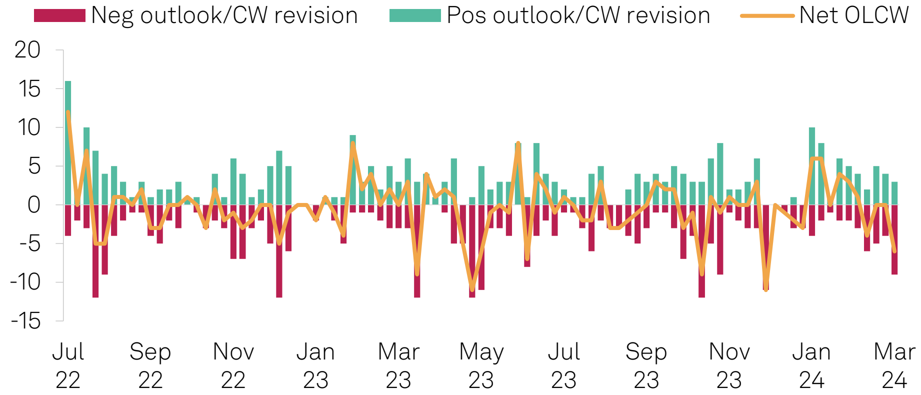
Investment-grade upgrades were more evenly dispersed across sectors**. Financial institutions led with five upgrades (23%),** followed by utilities with four (18%), and capital goods and homebuilders/real estate with three each.

Upgrades and downgrades continue to come from the lower rated segments, with the 'BBB' category accounting for all but three upgrades. In downgrades, the 'BBB' category accounted for 57% of total downgrades with 'A' category rated names also taking a significant share with 38%.

Downgrades and upgrades were evenly balanced in Q1 2024
Upgrades and downgrades (no.)



Negative outlooks/CreditWatch revisions outpaced positives
Outlook revisions (no.)



Data as of March 31, 2024. Excludes investment-grade sovereign upgrades and downgrades globally. Source: S&P Global Ratings Credit Research & Insights.

Bias Trends By Region And Rating Category

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
» Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

Contacts

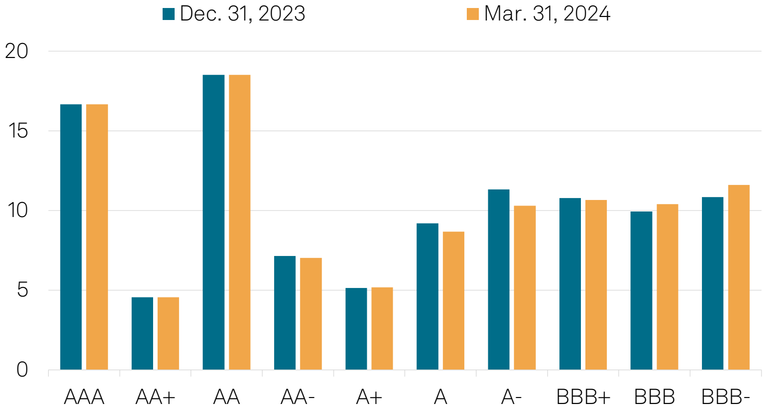
The increase in negative bias in Q1, versus Q4, was largely limited to the 'BBB' and 'BBB-' categories. 'BBB+' and above categories generally fared better, with either no change or a marginal reduction in negative bias. The exception was the 'A+' category, which saw a small uptick in negative bias, though this was a base effect change due to upgrades/downgrades in the 'A+' category, rather than additions to negative outlook.

By region, negative bias in Q1 continued the previous quarter's trend, with most regions seeing an increase, apart from North America, which registered the sole decline versus Q4.

Homebuilders/real estate led the negative bias changes in the 'BBB' category, with three outlook changes from stable to negative. They were **Boston Properties Inc., Kilroy Realty Corp.,** and **RioCan Real Estate Investment Trust**. With regards to the first two names, we cited lower office utilization rates and retention rates as reasons for the outlook change.

Negative bias flat or declining across most categories

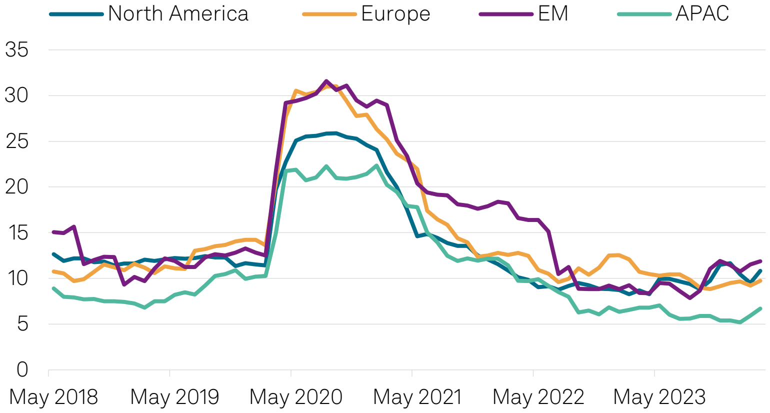
Negative bias by rating category (%)



Data as of March 31, 2024. Includes financial and nonfinancial corporates. Financial institutions includes banks and nonbanking financial institutions. S&P Global Ratings Credit Research & Insights.

North America saw a decline in negative bias

Negative bias by region (%)



Data as of March 31, 2024. Data includes financial and nonfinancial corporates. Source: S&P Global Ratings Credit Research and Insights.

S&P Global Ratings

Bias Trends By Sector

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
» Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

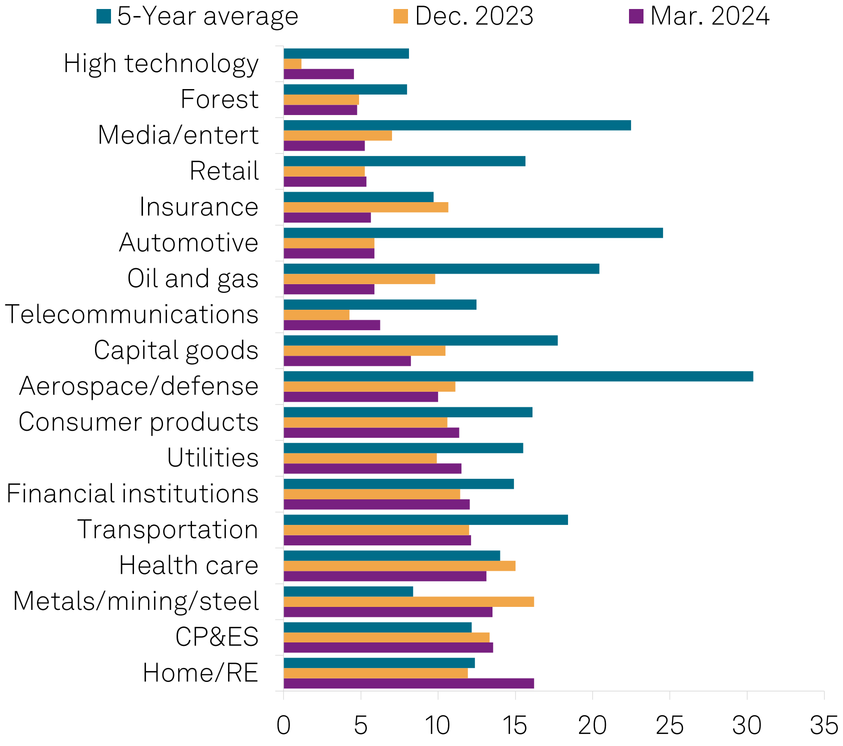
Contacts

Negative bias | Positive bias

Half of investment-grade sectors saw an uptick in negative rating bias in Q1 2024, compared to Q4 2023. **Homebuilders and real estate experienced the largest percentage point increase,** with seven new additions to negative bias offset by one exit. Despite being the sector with the lowest negative bias, **high technology** had the second largest percentage point increase. Three new additions, **Corning Inc., Hewlett Packard Enterprise Co., and Juniper Networks Inc.,** joined **Intel Corp.** on negative outlook. **Hewlett Packard and Juniper Networks** were placed on negative outlook after the former said it will buy the latter.

Homebuilders and real estate now ranks as the sector with the highest negative bias. There are only three sectors with negative bias above their five-year average: Homebuilders and real estate; chemicals, packaging and environmental services; and metals, mining and steel.

Half of sectors saw an uptick in negative bias in Q1
Investment-grade negative bias (%)



Data as of March 31, 2024. Includes financial and nonfinancial corporates. Financial institutions includes banks and nonbanking financial institutions.
Source: S&P Global Ratings Credit Research & Insights.

Bias Trends By Sector

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
» Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

Contacts

Negative bias | **Positive bias**

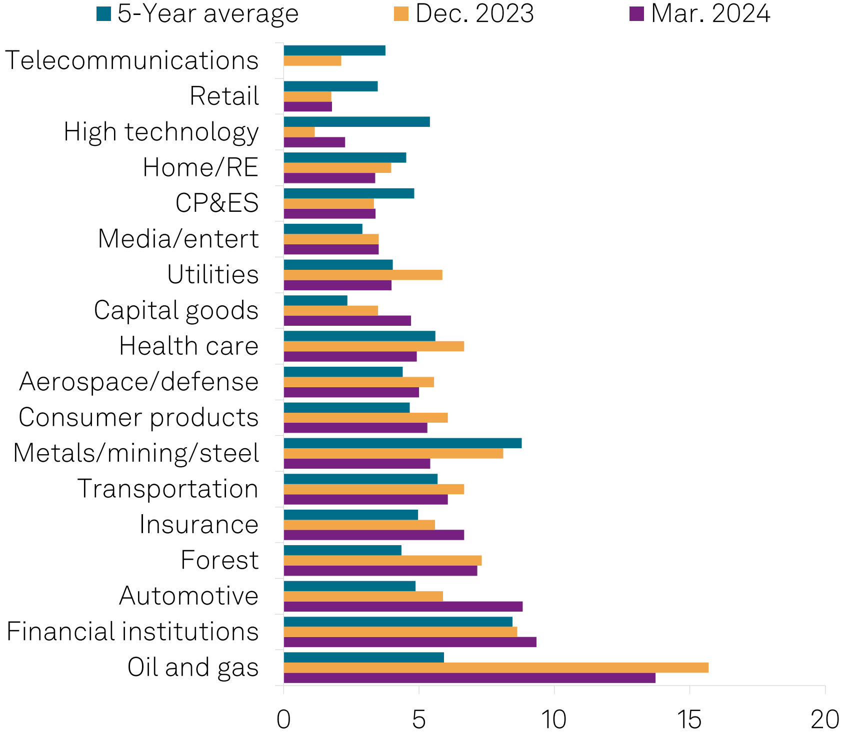
Positive bias trends were again mixed in Q1. **Automotives, capital goods, and high technology were the biggest beneficiaries.** The improvement in the automotive sector reflects the addition of **Hyundai Motor Co.**, following a positive outlook change due to improving product mix and geographical diversity amidst a challenging sector backdrop.

Despite a reduction of one issuer, **oil and gas remains the sector with the highest upgrade potential**, followed by financial institutions and automotives. For oil and gas, two years of strong oil prices have strengthened balance sheets. We now have seven oil and gas issuers on positive rating outlooks.

Metals, mining, and steel saw the biggest decline in positive bias after **Glencore PLC** was revised to stable on March 25. Additionally, the telecommunications' sole issuer on positive outlook, **Swisscom AG**, was revised to negative on March 15, following its announcement of an €8 billion acquisition of **Vodafone Italy**.

Autos, capital goods, and high tech posted the largest quarterly improvement

Investment-grade positive bias (%)



Data as of Mar. 31, 2024. Includes financial and nonfinancial corporates. Financial institutions includes banks and nonbanking financial institutions.
Source: S&P Global Ratings Credit Research & Insights.

S&P Global
Ratings

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
» Debt Outstanding
Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

Contacts

S&P Global Ratings

Debt Outstanding Trends

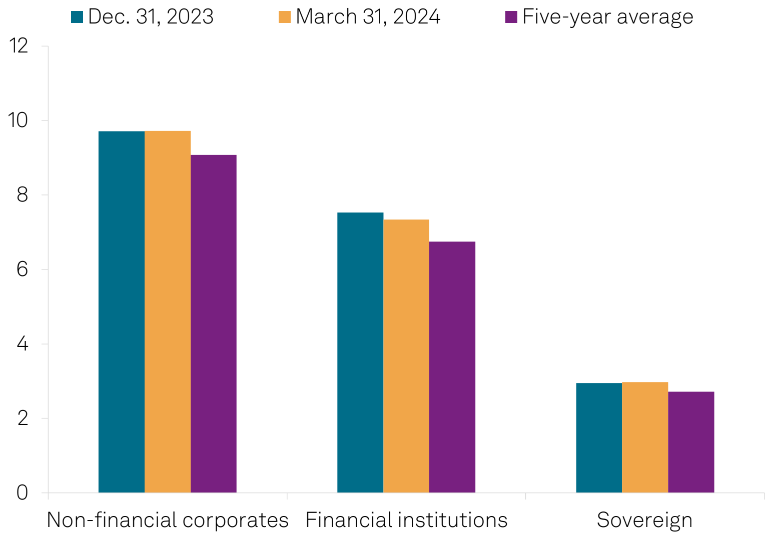
On aggregate, debt outstanding across financial and nonfinancial corporates in Q1 **was broadly stable** versus Q4. This was despite rising stars (10) outpacing fallen angels (4). **Rising stars minus fallen angels added $7 billion to outstanding investment-grade debt during Q1**, with the net figure notably reduced by $18 billion of debt at fallen angel **Paramount Global**.

On a sector basis, aerospace and defense posted the greatest increase in debt outstanding in Q1, up 51% versus Q4 to $283 billion. The upgrade of **Rolls-Royce** to investment grade contributed $5.2 billion of that increase. In contrast, capital goods saw a 19% decline in debt outstanding during Q1.

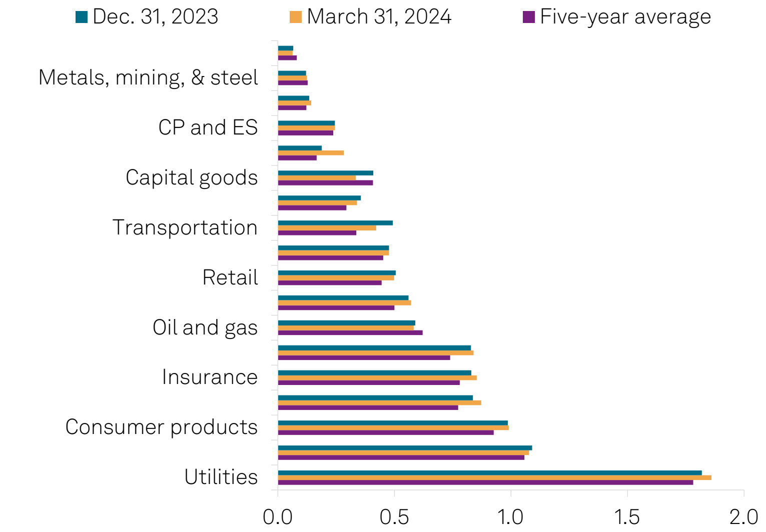
The utilities sector has the highest absolute debt outstanding, and the highest number of investment-grade issuers (226 in Q1, up from 222 in Q4). Telecommunications continues to have the highest amount of debt outstanding per issuer, followed by automotives and healthcare.

Debt outstanding was broadly stable over Q1 2024

Debt outstanding by sector (tril. $)



Debt by sector (tril. $)



Data as of March 31, 2024. Includes sovereign, financial, and nonfinancial corporate issuers. Source: S&P Global Ratings Credit Research & Insights.

Fallen Angels/Rising Stars

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
» Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

Contacts

S&P Global
Ratings

Overview | Fallen Angels | Rising Stars

Global rising stars outpaced fallen angels in Q1 2024 with 10 rising stars and only four fallen angels.

The insurance sector led Q1 rising stars with two upgrades amounting to $2.1 billion in debt outstanding. Both issuers were upgraded due to revisions to our capital model criteria. The improvement in capital adequacy under the revised capital model primarily reflects S&P Global Ratings' recalibration of mortgage insurance premium and reserve risk capital charges.

By debt volume, Spain-based telecom-tower service provider Cellnex Telecom currently leads rising stars in 2024 with over $10.4 billion in investment-grade debt. Its upgrade followed the issuer's commitment to deleveraging through an updated capital allocation framework.

Oil and gas leads potential rising stars (issuers rated 'BB+' with a positive outlook or CreditWatch) with six, as oil prices continue to support credit quality. Sovereigns led potential rising star additions in Q1 with two, after outlooks were revised to positive on the **Kingdom of Morocco and Sultanate of Oman**.

Meanwhile, U.S. regional banks led with the most Q1 additions (three) to the potential fallen angel list (issuers rated 'BBB-' with a negative outlook or CreditWatch). All three issuers' outlooks were revised to negative due to stress in commercial real estate (CRE) markets, where reduced property prices and higher vacancies (particularly for investor-owned office properties) have created an increasing challenge for banks with sizable loan exposures to CRE.

Fallen Angels/Rising Stars

Investment Grade Landscape
- Overview
- Quarterly Soundbite
- Ratings Snapshot
- What To Watch
- Global Macroeconomic Update

Rating Performance Trends
- Upgrades/Downgrades
- Bias Trends By Region And Ratings
- Bias Trends By Sector
- Debt Outstanding
- **» Fallen Angels/Rising Stars**
- Transition Matrices

Credit Pricing Themes
- Market Benchmarks

Glossary

Related Research

Contacts

Overview | **Fallen Angels** | Rising Stars

Date	Issuer	To	From	Sector/subsector	Country	Rated debt affected (mil. $)
26/02/2024	Braskem S.A. (Odebrecht S.A.)	BB+	BBB-	CP&ES	Brazil	6,200
11/03/2024	ELO	BB+	BBB-	Retail	France	5,014
13/03/2024	New Immo Holding S.A. (ELO)	BB+	BBB-	Home/RE	France	328
27/03/2024	Paramount Global	BB+	BBB-	Media and entertainment	U.S.	18,379

Data as of March 31, 2024. Fallen angels are defined as investment-grade issuers currently with bonds outstanding that have been downgraded into speculative-grade (i.e. from 'BBB-' or above, to 'BB+' or below). Includes all rated issuers with valid outstanding debt at the time of the rating action. Valid debt includes issuer level debt (both secured and unsecured), bank loans, subordinated debt, medium term notes (MTN), preferred stock, convertible debt, and drawdowns under MTN programs and excludes commercial paper programs, shelf registrations, certificates of deposit, and debt rated on a confidential basis. This debt may be rated above or below the issuer credit rating. Moreover, if a subsidiary's parent is itself a fallen angel, only the parent is counted. Excludes Sovereign. Source: S&P Global Ratings Credit Research & Insights.

Fallen Angels/Rising Stars

Investment Grade Landscape
- Overview
- Quarterly Soundbite
- Ratings Snapshot
- What To Watch
- Global Macroeconomic Update

Rating Performance Trends
- Upgrades/Downgrades
- Bias Trends By Region And Ratings
- Bias Trends By Sector
- Debt Outstanding
- **» Fallen Angels/Rising Stars**
- Transition Matrices

Credit Pricing Themes
- Market Benchmarks

Glossary

Related Research

Contacts

Date	Issuer	To	From	Sector/subsector	Country	Rated debt affected (mil. $)
05/01/2024	NASCAR Holdings LLC,	BBB	BB+	Media and entertainment	U.S.	1,410
08/01/2024	MGIC Investment Corp.	BBB-	BB+	Insurance	U.S.	650
08/01/2024	Radian Group Inc.	BBB-	BB+	Insurance	U.S.	1,425
22/02/2024	Iccrea Banca SpA	BBB-	BB+	Financial institutions	Italy	2,986
05/03/2024	Cellnex Telecom S.A.	BBB-	BB+	Telecommunications	Spain	10,408
06/03/2024	Enlink Midstream LLC,	BBB-	BB+	Utilities	U.S.	6,228
07/03/2024	TechnipFMC Plc	BBB-	BB+	Oil and gas	U.K.	1,245
13/03/2024	CEMEX S.A.B. de C.V.	BBB-	BB+	Forest	Mexico	5,187
14/03/2024	Rolls-Royce PLC (Rolls-Royce Holdings PLC)	BBB-	BB+	Aerospace and defense	U.K.	5,196
29/03/2024	Ali Holding S.R.L.	BBB-	BB+	Capital goods	Italy	2,250

Data as of March 31, 2024. Rising stars are defined as speculative-grade issuers currently with bonds outstanding that have been upgraded into investment-grade (i.e. from 'BB+' and below, to 'BBB-' and above). Includes all rated issuers with valid outstanding debt at the time of the rating action. Valid debt includes issuer level debt (both secured and unsecured), bank loans, subordinated debt, medium term notes (MTN), preferred stock, convertible debt, and drawdowns under MTN programs and excludes commercial paper programs, shelf registrations, certificates of deposit, and debt rated on a confidential basis. This debt may be rated above or below the issuer credit rating. Moreover, if a subsidiary's parent is itself a rising star, only the parent is counted. Excludes Sovereign. Source: S&P Global Ratings Credit Research & Insights.

Transition Matrices

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
» Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

Contacts

3-month | 12-month | 3-month (2008-09) | 12-month (2008-09)

3-month corporate transition rates (%)

Positive change in transition rate, quarter-on-quarter
Negative change in transition rate, quarter-on-quarter

	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+
AAA	**100.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA+	0.0	**98.3**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA	0.0	0.0	**98.6**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA-	0.0	0.0	0.0	**98.7**	0.7	0.0	0.0	0.0	0.0	0.0	0.0
A+	0.0	0.0	0.0	1.0	**98.7**	0.3	0.0	0.0	0.0	0.0	0.0
A	0.0	0.0	0.0	0.0	0.2	**98.0**	1.3	0.0	0.0	0.0	0.0
A-	0.0	0.0	0.0	0.0	0.0	1.4	**96.0**	1.8	0.2	0.0	0.0
BBB+	0.0	0.0	0.0	0.0	0.0	0.0	0.9	**96.7**	1.3	0.2	0.0
BBB	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.3	**95.8**	0.9	0.0
BBB-	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	2.7	**94.8**	1.5
BB+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	3.5	**92.8**

Transition rates compare issuer credit ratings at the beginning of a period with the ratings at the end of the period. The transition tables above can be read from left to right and show us the percentage of issuers that transitioned from the rating shown on the left, to the rating shown on the top. 3-month and 12-month corporate transitions rates ending March 2024. To compare current transition rates to previous periods of stress, we have shown transition rates for the global financial crisis period. For both 3-month and 12-month corporate transition rates during the GFC--we determined the month with highest investment-grade downgrade ratio (downgrades/total rating actions). Therefore, the 3-month and 12-month corporate transitions rates for the GFC ending March 2009.
Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

S&P Global
Ratings

Transition Matrices

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
» Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

Contacts

3-month | **12-month** | 3-month (2008-09) | 12-month (2008-09)

12-month corporate transition rates (%)

■ Positive change in transition rate, quarter-on-quarter
■ Negative change in transition rate, quarter-on-quarter

	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+
AAA	**100.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA+	0.0	**99.7**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA	0.0	0.0	**99.3**	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA-	0.0	0.0	0.0	**98.7**	0.7	0.0	0.0	0.0	0.0	0.0	0.0
A+	0.0	0.0	0.0	0.3	**98.8**	0.5	0.1	0.0	0.0	0.0	0.0
A	0.0	0.0	0.0	0.0	1.3	**96.5**	1.4	0.1	0.0	0.0	0.0
A-	0.0	0.0	0.0	0.0	0.0	1.7	**96.8**	0.8	0.0	0.0	0.0
BBB+	0.0	0.0	0.0	0.0	0.0	0.0	1.1	**96.7**	1.4	0.1	0.0
BBB	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.9	**95.6**	1.1	0.0
BBB-	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	2.4	**95.2**	0.8
BB+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	3.1	**94.2**

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Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

S&P Global
Ratings

Transition Matrices

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
» Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

Contacts

3-month | 12-month | **3-month (2008-09)** | 12-month (2008-09)

3-month corporate transition rates during the Great Recession (%)

	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+
AAA	**78.1**	6.1	0.0	1.2	1.2	2.4	0.0	1.2	0.0	0.0	0.0
AA+	0.0	**35.9**	28.3	3.8	26.4	0.0	1.9	0.0	0.0	0.0	0.0
AA	0.0	4.6	**50.7**	21.0	13.7	3.7	2.3	0.0	0.5	0.5	0.0
AA-	0.0	0.0	2.3	**60.2**	18.9	10.2	0.0	0.8	0.0	0.0	0.4
A+	0.0	0.0	0.3	3.8	**64.1**	16.3	5.6	1.3	1.3	0.0	0.6
A	0.0	0.0	0.2	0.4	4.0	**71.9**	11.8	1.7	1.3	0.2	0.0
A-	0.0	0.0	0.0	0.0	0.0	6.2	**75.9**	8.6	2.2	1.0	0.2
BBB+	0.0	0.0	0.0	0.0	0.4	0.6	7.1	**68.6**	13.8	2.5	0.0
BBB	0.0	0.0	0.0	0.0	0.0	0.4	0.0	4.8	**75.1**	8.8	2.0
BBB-	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	7.1	**69.9**	7.6
BB+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	10.2	**60.9**

Transition rates compare issuer credit ratings at the beginning of a period with the ratings at the end of the period. The transition tables above can be read from left to right and show us the percentage of issuers that transitioned from the rating shown on the left, to the rating shown on the top. 3-month and 12-month corporate transitions rates ending March 2024. To compare current transition rates to previous periods of stress, we have shown transition rates for the global financial crisis period. For both 3-month and 12-month corporate transition rates during the GFC--we determined the month with highest investment grade downgrade ratio (downgrades/total rating actions). Therefore, the 3-month and 12-month corporate transitions rates for the GFC ending March 2009.
Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

Transition Matrices

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
» Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

Contacts

3-month | 12-month | 3-month (2008-09) | **12-month (2008-09)**

12-month corporate transition rates during the Great Recession (%)

	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+
AAA	**83.8**	5.4	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA+	0.0	**54.1**	37.8	5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA	0.0	0.5	**56.5**	22.0	11.5	0.5	0.5	0.0	0.0	1.0	0.5
AA-	0.0	0.0	2.3	**59.3**	24.9	5.3	0.8	1.1	0.0	0.0	0.0
A+	0.0	0.3	0.3	0.9	**67.1**	18.0	2.4	2.1	0.9	0.9	0.0
A	0.0	0.0	0.0	0.2	2.5	**69.9**	16.2	1.9	1.7	0.0	0.2
A-	0.0	0.0	0.0	0.0	0.0	3.7	**73.0**	11.2	2.6	1.7	0.6
BBB+	0.0	0.0	0.0	0.0	0.0	0.2	4.5	**66.9**	16.9	2.2	1.2
BBB	0.0	0.0	0.0	0.0	0.0	0.4	0.6	3.1	**74.7**	9.3	3.5
BBB-	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.5	5.8	**67.7**	7.6
BB+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	7.8	**56.5**

Transition rates compare issuer credit ratings at the beginning of a period with the ratings at the end of the period. The transition tables above can be read from left to right and show us the percentage of issuers that transitioned from the rating shown on the left, to the rating shown on the top. 3-month and 12-month corporate transitions rates ending March 2024. To compare current transition rates to previous periods of stress, we have shown transition rates for the global financial crisis period. For both 3-month and 12-month corporate transition rates during the GFC--we determined the month with highest investment grade downgrade ratio (downgrades/total rating actions). Therefore, the 3-month and 12-month corporate transitions rates for the GFC ending March 2009.
Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

S&P Global
Ratings

Credit Pricing Themes

Read on ↓

S&P Global
Ratings

Market Benchmarks

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
» Market Benchmarks

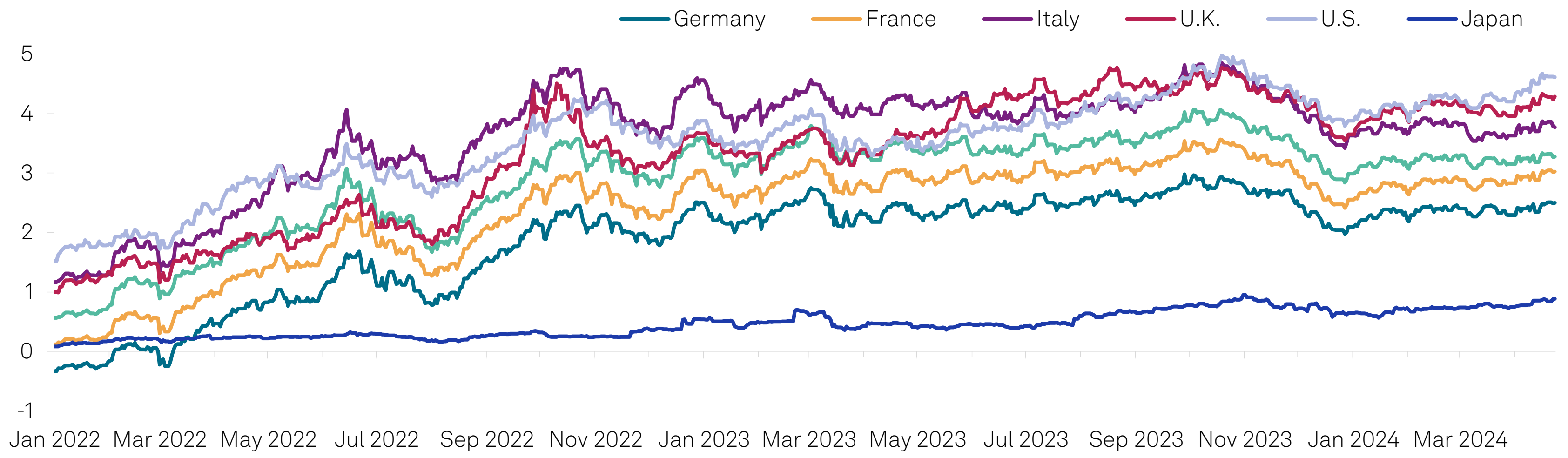
Glossary

Related Research

Contacts

S&P Global Ratings

Global benchmark yields (%)



Sources: Data as of April 23, 2024. S&P Global Credit Research & Insights, S&P Global Market Intelligence Capital IQ.

Benchmark yields across all regions fell in Q1 2024 versus Q4 2023. However, since the beginning of Q2 2024, yields have trended higher due to expectations that interest rate cuts may be pushed out. By April 23, U.S., U.K, and Japanese yields were higher than at the start of the year.

Market Benchmarks

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
» Market Benchmarks

Glossary

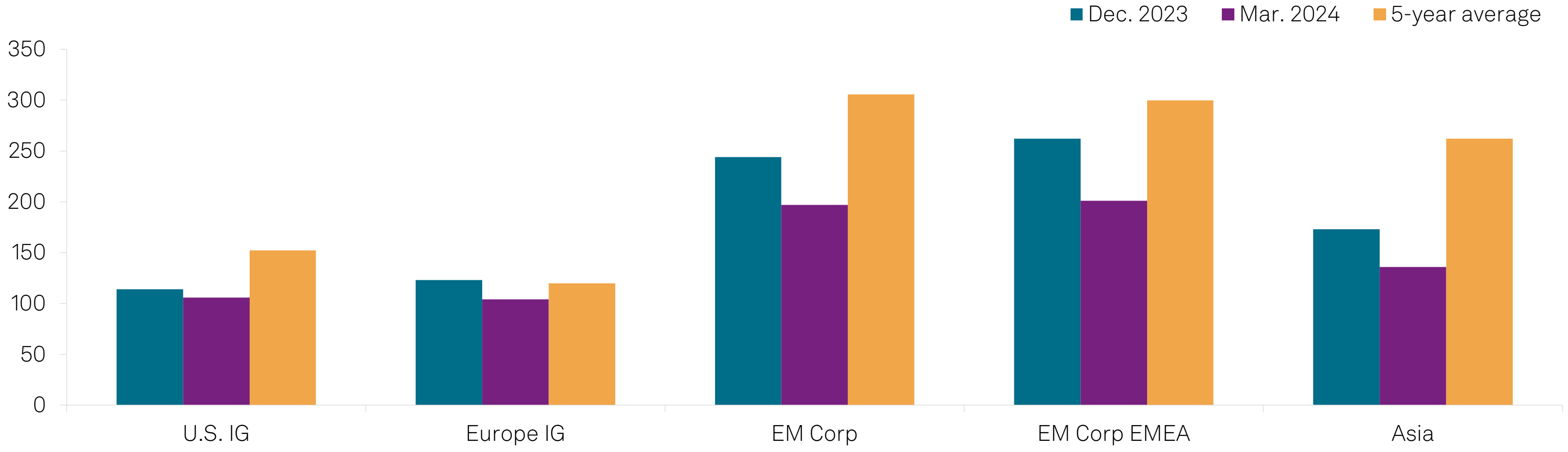
Related Research

Contacts

S&P Global Ratings

Benchmark Yield | **Secondary Market** | IG Yields | IG CDS | iBoxx

Regional secondary market spreads (bps)



Data as of March 31, 2024. Sources: ICE Benchmark Administration Limited (IBA), 'ICE BofAML Asia Emerging Markets Corporate Plus Sub-Index Option-Adjusted Spread', 'ICE BofAML Europe, the Middle East, and Africa (EMEA) Emerging Markets Corporate Plus Sub-Index Option-Adjusted Spread', retrieved from FRED, Federal Reserve Bank of St. Louis, U.S. Investment-Grade and Speculative-Grade Spreads from S&P Global Ratings, Europe Investment-Grade Spreads From S&P Dow Jones Indices.

Regional secondary market spreads tightened across all regions in Q1 and ended March below their five-year averages. However, spreads have since ticked up due to rising geopolitical risk and uncertainty regarding the timing and pace of rate cuts.

Market Benchmarks

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
» Market Benchmarks

Glossary

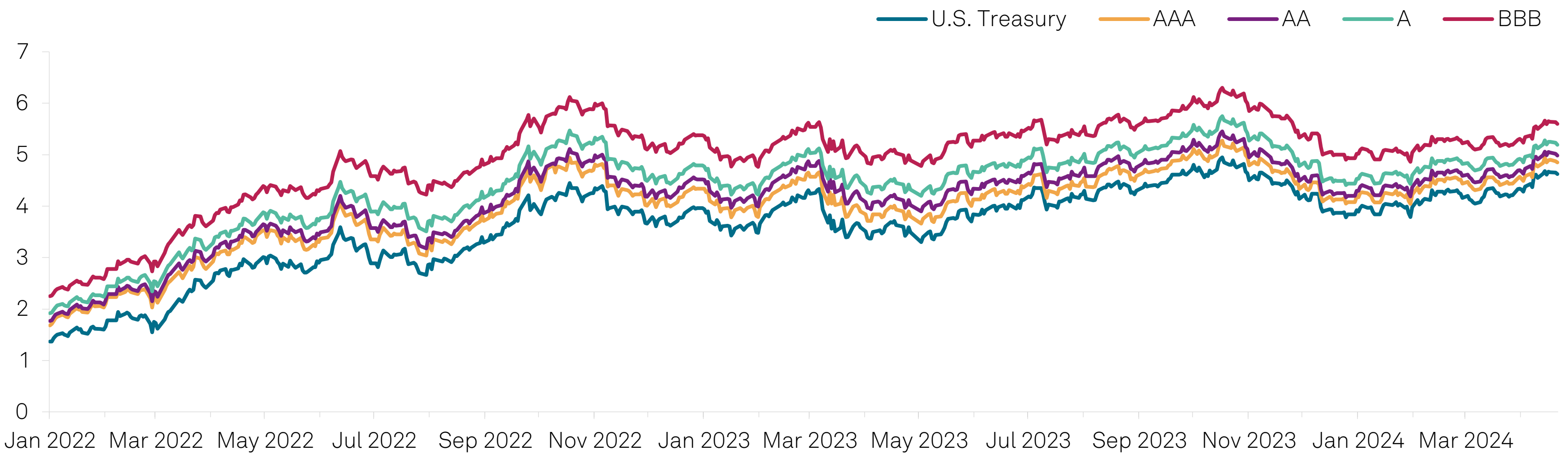
Related Research

Contacts

S&P Global Ratings

Benchmark Yield | Secondary Market | **IG Yields** | IG CDS | iBoxx

Investment-grade U.S. bond yields (%)



Data as of April 23, 2024. Data includes five-year maturity yields. Source: S&P Global Ratings Credit Research and Insights.

U.S. bond yields increased in April 2024 and are higher than at end-Q1 2024 across all investment-grade rating categories.

Market Benchmarks

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
» Market Benchmarks

Glossary

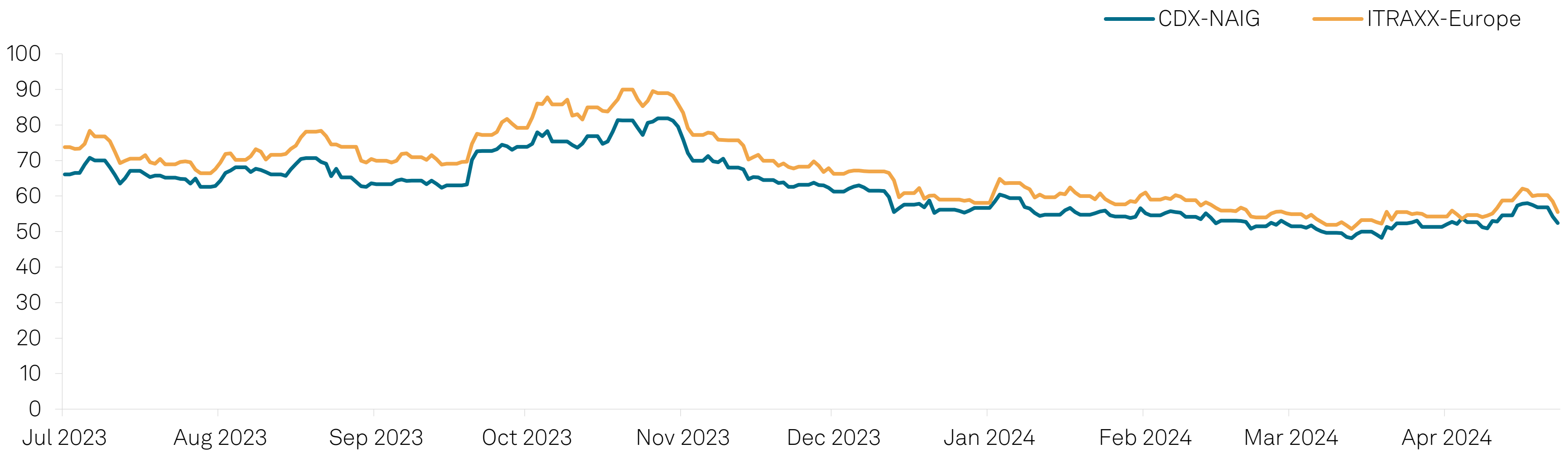
Related Research

Contacts

S&P Global
Ratings

Benchmark Yield | Secondary Market | IG Yields | **IG CDS** | iBoxx

CDX-NAIG 5 Y vs ITRAXX-Europe 5 Y (bps)



Data as of April 23, 2024. bps--Basis points. Sources: CDX-NAIG 5 Y ConvSpread vs ITRAXX-Europe 5 Y, S&P Global Market Intelligence.

The CDX NAIG five-year and ITRAXX Europe five-year closed the quarter at 51 bps and 55 bps, 10% and 6% below last quarter, respectively. Both have risen 2%, over the period from end-March to April 23, 2024.

Market Benchmarks

Investment Grade Landscape
- Overview
- Quarterly Soundbite
- Ratings Snapshot
- What To Watch
- Global Macroeconomic Update

Rating Performance Trends
- Upgrades/Downgrades
- Bias Trends By Region And Ratings
- Bias Trends By Sector
- Debt Outstanding
- Fallen Angels/Rising Stars
- Transition Matrices

Credit Pricing Themes
- **» Market Benchmarks**

Glossary

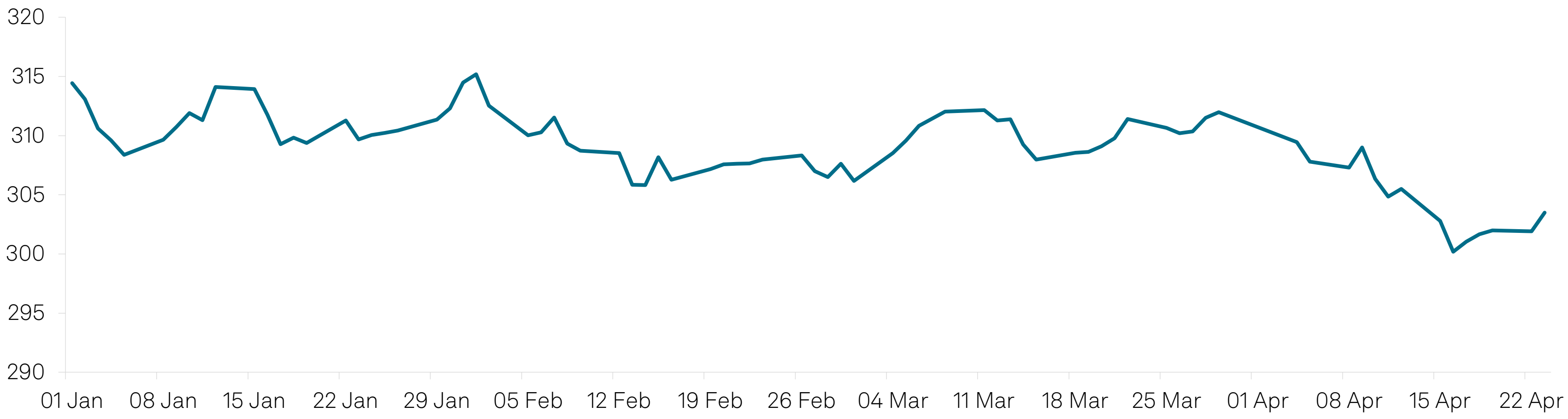
Related Research

Contacts

S&P Global Ratings

Benchmark Yield | Secondary Market | IG Yields | IG CDS | **iBoxx**

iBoxx USD Liquid IG (total return index level)



Data as of April 23, 2024. ETF indices which speak to liquidity/tone in the Investment Grade market. The index is used as the benchmark for one of the largest Investment Grade ETFs in the market (LQD) and has a robust liquidity ecosystem backing it via the credit derivatives market. Source: S&P Global Dow Jones Indices.

The iBoxx $ Liquid Investment Grade Bond Index fell 1% between Q4 2023 and Q1 2024.

Glossary

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

Contacts

Negative bias--Percentage of issuers with negative outlooks or ratings on CreditWatch negative.

OLCW--Outlooks and CreditWatch placements.

Positive bias--Percentage of issuers with positive outlooks or ratings on CreditWatch positive.

Potential downgrade--An issuer rated by S&P Global Ratings with a negative outlook or on CreditWatch negative.

Potential upgrade--An issuer rated by S&P Global Ratings with a positive outlook or on CreditWatch positive.

Potential Fallen Angels--Issuers rated 'BBB-' on either negative outlook or CreditWatch negative.

Potential Rising Stars--issuers rated 'BB+' on either positive outlook or CreditWatch positive.

Rising stars--Issuers upgraded to investment grade from speculative grade.

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

Related Research

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

Contacts

S&P Global Ratings

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Please find comprehensive lists of all upgrades and downgrades among corporates rated investment grade by S&P Global Ratings in our Data Companion.

Investment Grade Landscape
Overview
Quarterly Soundbite
Ratings Snapshot
What To Watch
Global Macroeconomic Update

Rating Performance Trends
Upgrades/Downgrades
Bias Trends By Region And Ratings
Bias Trends By Sector
Debt Outstanding
Fallen Angels/Rising Stars
Transition Matrices

Credit Pricing Themes
Market Benchmarks

Glossary

Related Research

Contacts

S&P Global
Ratings

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