

This report does not constitute a rating action.

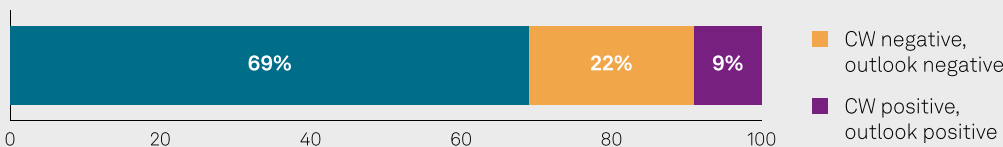
U.S. And Canada Summary Report

May 14, 2024

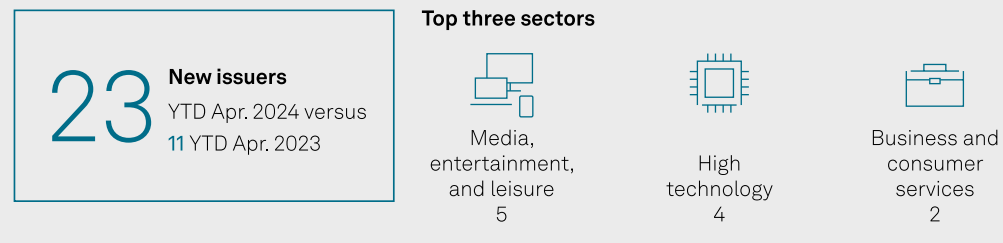
The April Snapshot

About 60% of speculative-grade companies (by issuer count) S&P Global Ratings rates are at 'B' or below

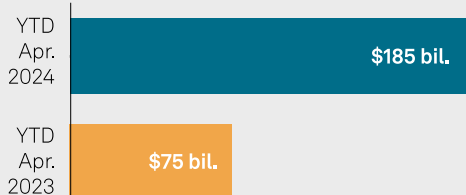
Outlook distribution



2) Six new speculative-grade issuers in April



Continued momentum in the U.S. primary leveraged loan market, with issuance in April reaching the highest April level since 2021



April issuance kept the U.S. CLO primary market on record pace



Note: The data above is year-to-date (YTD) except for the outlook distribution. CW--CreditWatch. CLO--Collateralized loan obligations. The outlook distribution is rounded to a whole number and only includes U.S. and Canada corporate ratings (excluding the utilities sector). Source: S&P Global Ratings. Leveraged loan (institutional) and CLO primary market data is sourced from PitchBook LCD.

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CONTENTS

Monthly Highlight	2
YTD Speculative-Grade Rating Actions	3
YTD Speculative-Grade New Issuers	4
Defaults	5
Speculative-Grade Rating Outlook Mix	6
Recovery Ratings	6
CLOs	7
Middle-Market CLOs	7
Sources And Related Research	8

DATA -To see the data used in this report, click [here](#).

Key Insights

1. Speculative-grade ratings continue to benefit from stabilizing credit-market conditions and a healthy U.S. economic backdrop. Since May 2022, corporate speculative-grade downgrades have outpaced upgrades; however, in April, there were more upgrades than downgrades, with the media, entertainment, and leisure and consumer products sectors experiencing the most upgrades. The number of issuers downgraded into the 'CCC+' and below rating category continued to outpace the number of issuers upgraded out of the category (see chart 2), since credit measures remain weak for lower-rated issuers.
2. The preliminary trailing 12-month speculative-grade corporate default rate as of March remained above its long-term average and came out slightly higher than the default rate expectation at 4.8%. We anticipate the U.S. trailing-12-month speculative-grade corporate default rate to remain relatively flat from current levels at 4.75% (80 defaults) by December 2024.¹
3. In April, the negative and positive bias among speculative-grade issuers remained unchanged from the previous month at 22% and 9%, respectively, but they have improved modestly from October 2023 levels of 24% and 7%, respectively.

PODCASTS

[The Upgrade Episode 33: Testing Private Debt's Resilience Through The Credit Estimate Lens](#), Mar. 22, 2024

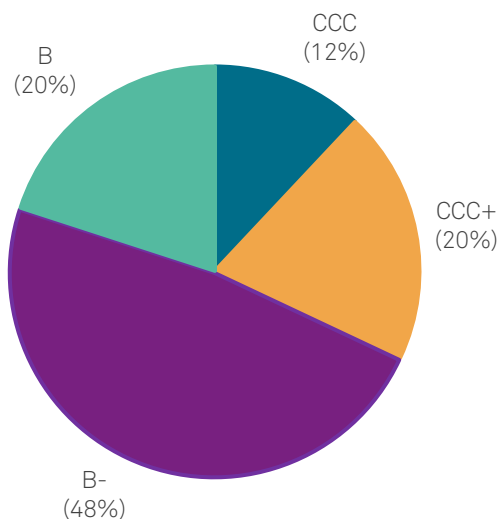
[The Upgrade Episode 32: Creative Structuring Helps Trinseo PLC](#), Nov. 10, 2023

[The Upgrade Episode 31: Unlocking The Big Deal - Worldpay's 'BB' Credit Rating Explained](#), Sept. 15, 2023

Monthly Highlight

Who's turning private?

Issuer rating before withdrawal



Source: S&P Global Ratings.

Credit Trends: Public-To-Private Borrowing Is A Two-Way Street

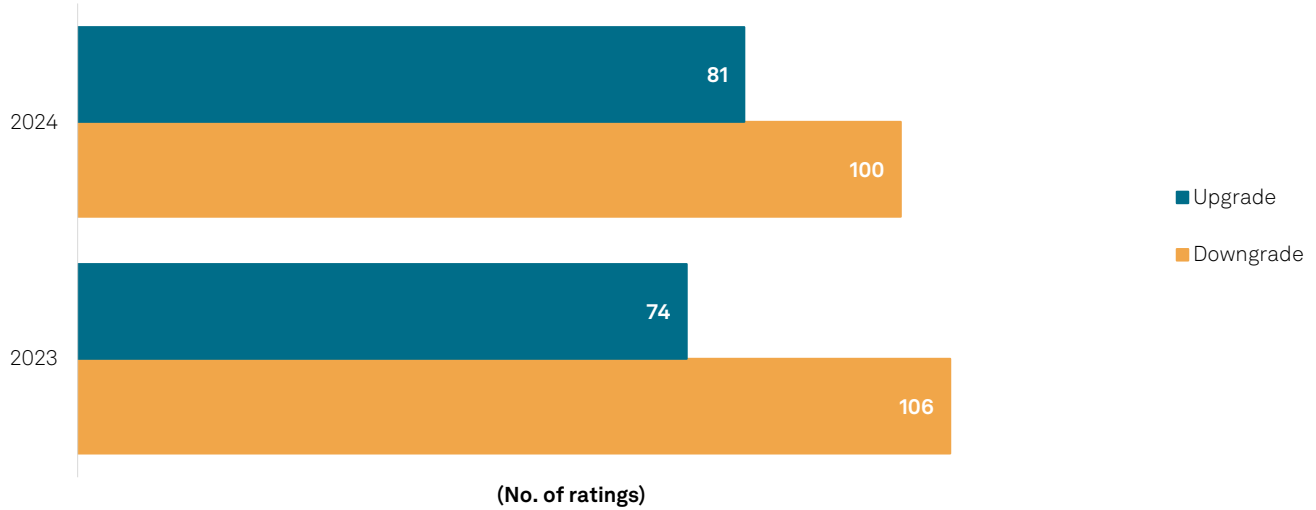
Because of shifts in financing conditions, including a downturn in syndicated loan issuance in the past two years and this year's rebound, leveraged borrowers are turning to private, as well as public, sources for funding. In a sample of about two dozen borrowers that turned from public credit to private and found that access to funding was key for some, about one-third were rated 'CCC+' or lower. However, for those issuers rated 'B-' or higher before turning to private funding, we expect that the flexibility of terms and the certainty of execution in private credit were likely motivating factors.

[Read The Full Report >](#)

YTD 2024 & 2023 Speculative-Grade Rating Actions

Chart 1

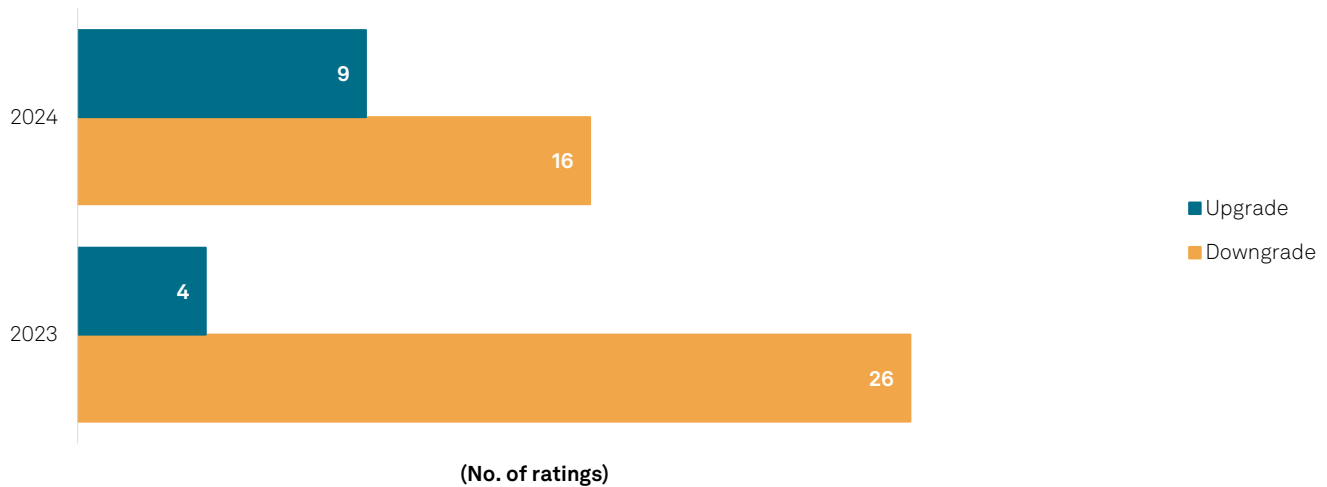
Upgrades and downgrades



Note: Data represents only rating actions for U.S. and Canada corporate ratings as of the end of April 2024 and 2023. For the month of April 2024, the downgrade-to-upgrade ratio for the US and Canada was 0.86. Source: S&P Global Ratings.

Chart 2

Ratings coming into/out of 'CCC' categories

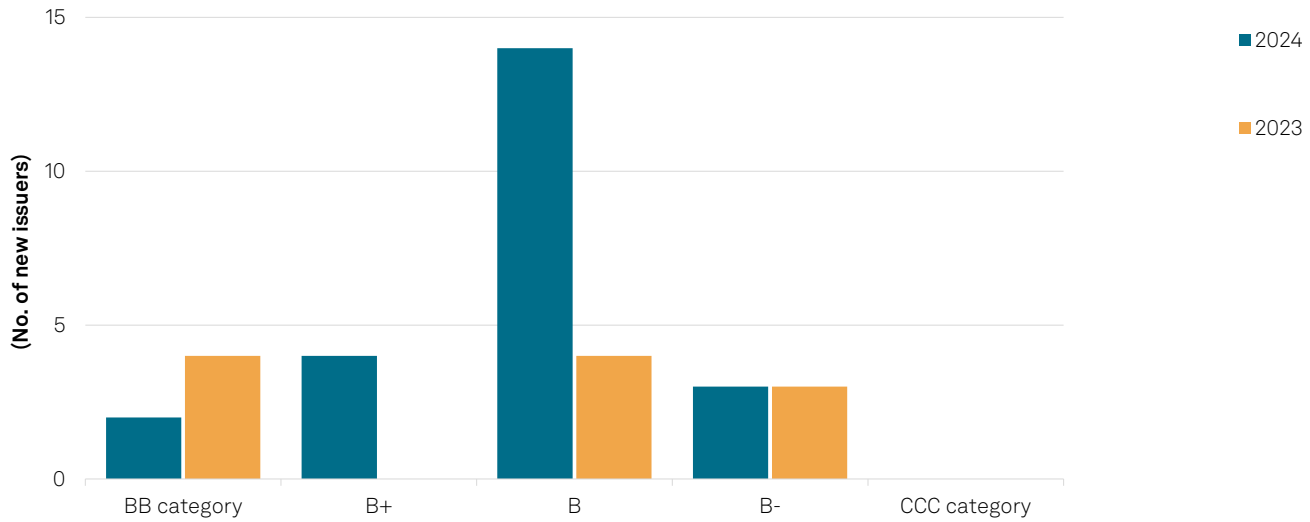


Note: Data represents only rating actions for U.S. and Canada corporate ratings as of the end of April 2024 and 2023. Source: S&P Global Ratings.

YTD 2024 & 2023 Speculative-Grade New Issuers

Chart 3

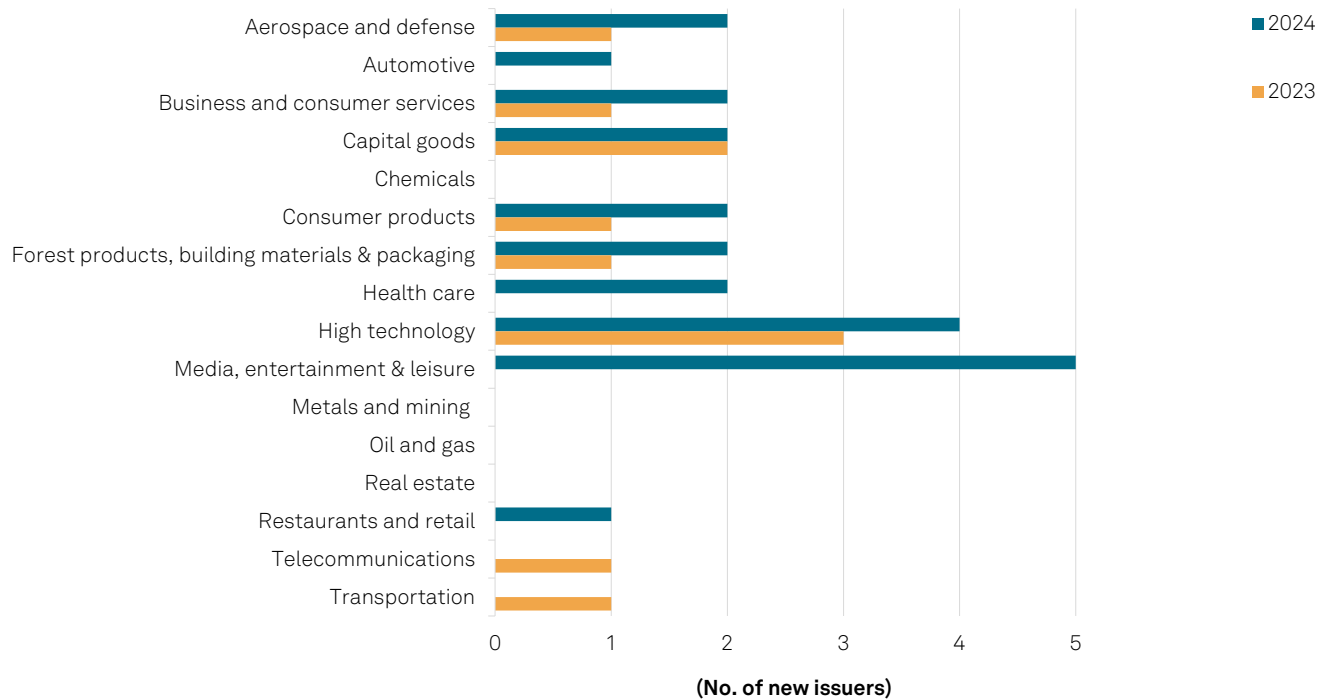
New issuers by rating



Note: Data represents new issuers as of end of April 2024 and 2023. Includes U.S. and Canada corporate ratings and excludes confidential issuers. Source: S&P Global Ratings.

Chart 4

New issuers by industry group



Note: Data represents new issuers as of end of April 2024 and 2023. Includes U.S. and Canada corporate ratings and excludes confidential issuers. Source: S&P Global Ratings.

Defaults as of Mar. 31, 2024

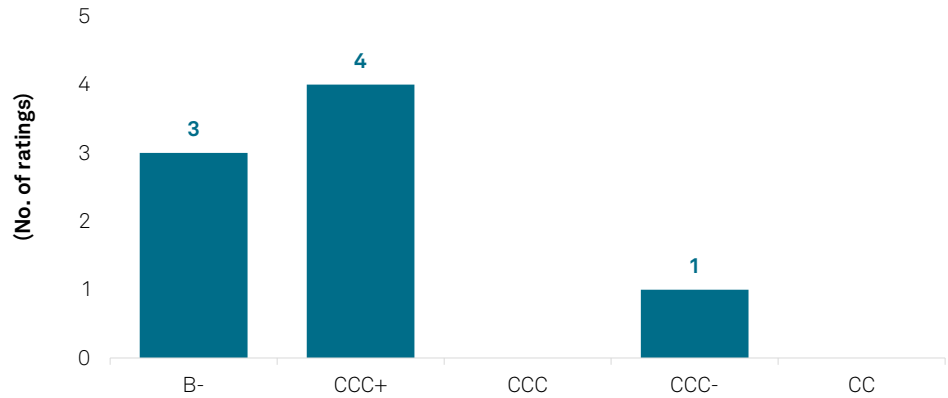
Chart 5

Downgrade to 'SD'/'D'



Chart 6

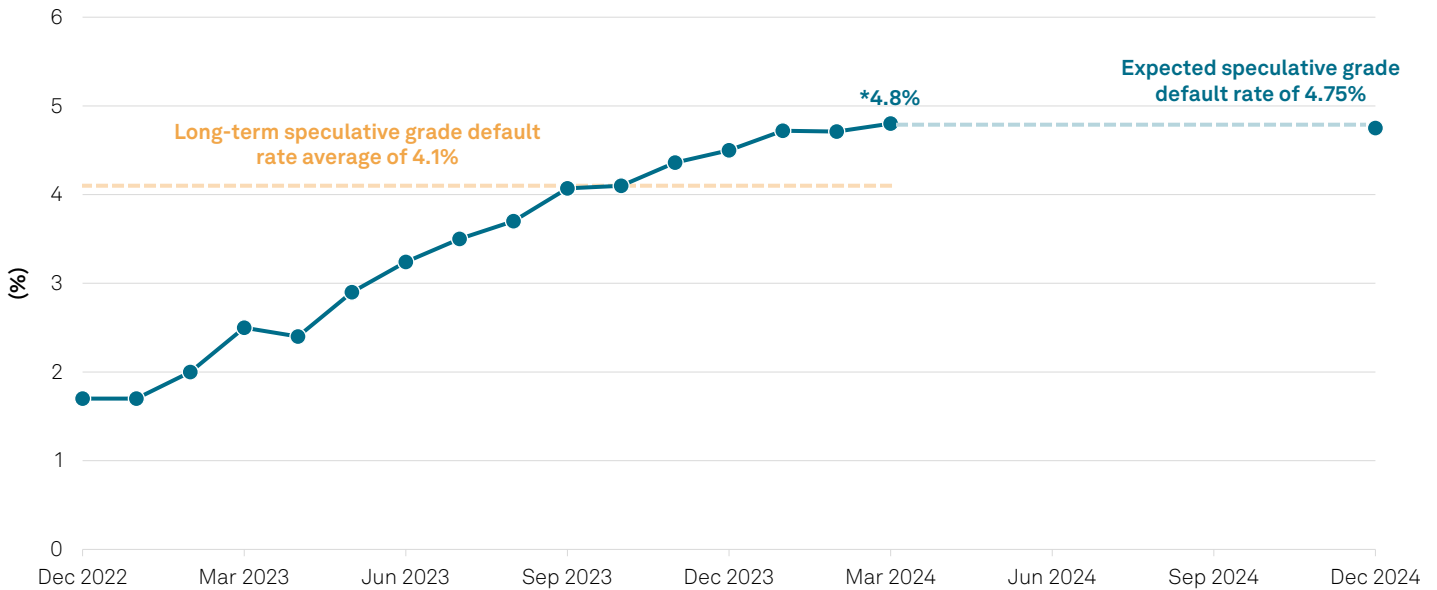
Ratings raised after selective default ('SD'—8 raised)



Note: Data as of YTD Mar. 31, 2024. Includes U.S. (including Bermuda and Cayman Islands in chart 5) and Canada corporate defaults. SD--Selective default. Source: S&P Global Ratings. For more information on U.S. and Canada defaults, refer to our monthly publication, [Global Defaults Are Still High Despite Dipping In March](#), published Apr. 16, 2024. We also publish a newsletter, [This Week In Credit](#), which lists our weekly rating actions and defaults.

Chart 7

U.S. trailing-12-month speculative-grade default rate

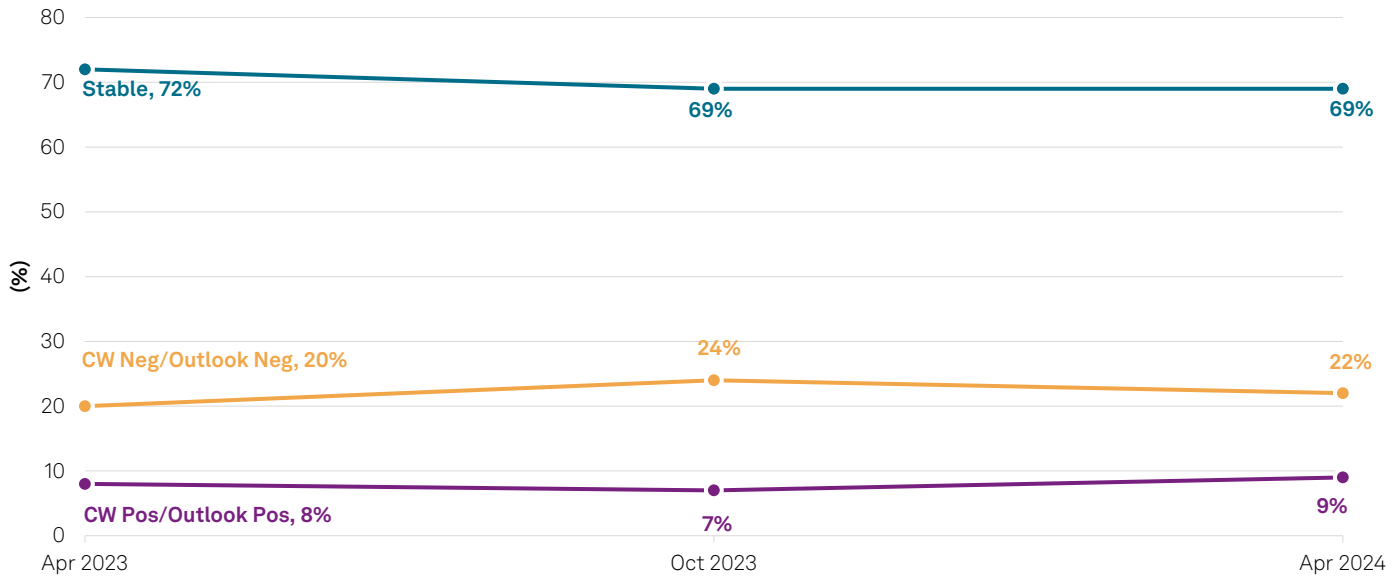


Note: *Trailing-12-month speculative-grade default rates from Mar. 31, 2023 - Mar. 31, 2024, are preliminary and subject to change. The long-term average dates back to Dec. 1981. Source: S&P Global Ratings, [Global Defaults Are Still High Despite Dipping In March](#), published Apr. 16, 2024.

Speculative-Grade Rating Outlook Mix

Chart 8

April 2023/2024 speculative-grade [CreditWatch/outlook](#) distribution

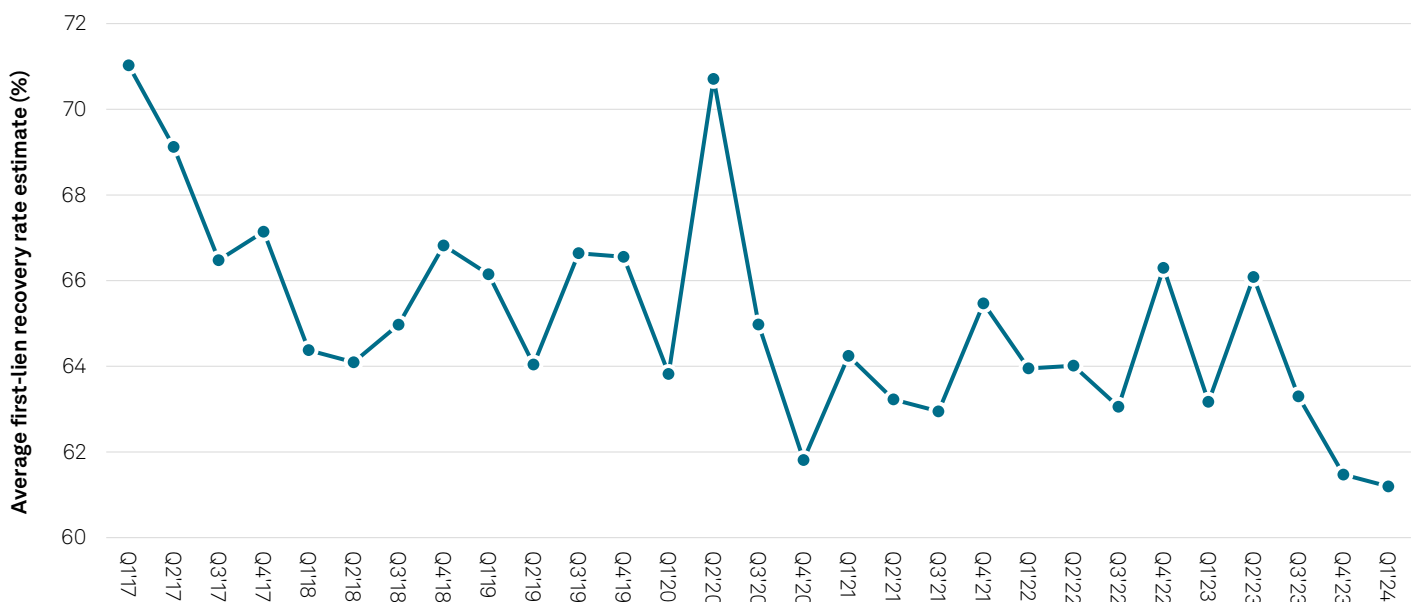


Note: Data from Apr. 30, 2023, to Apr. 30, 2024. CreditWatch/outlook distribution includes all speculative-grade U.S. and Canada corporate ratings. Does not include investment-grade issuers. Source: S&P Global Ratings.

Recovery Ratings

Chart 9

Recovery ratings distribution of first-lien new issues (U.S. and Canada)



Source: S&P Global Ratings.

CLOs

Table 1

Top 10 obligors held in U.S. BSL CLOs (first-quarter 2024)

Rank	Parent obligor	Rating and CW/outlook	GIC code
1	Liberty Global PLC	BB-/Stable	Diversified telecommunication services
2	Altice Europe N.V.	NR	Media
3	Asurion Group Inc.	B+/Stable	Information technology services
4	Ineos Ltd.	BB/Negative	Chemicals
5	TransDigm Inc.	B+/Stable	Aerospace and defense
6	Medline Borrower L.P.	B+/Stable	Health care providers and services
7	Peraton Corp.	B/Negative	Information technology services
8	Altice USA Inc.	B-/WatchNeg	Media
9	Endeavor Group Holdings Inc.	BB-/WatchNeg	Entertainment
10	Acrisure Holdings Inc.	B/Stable	Insurance

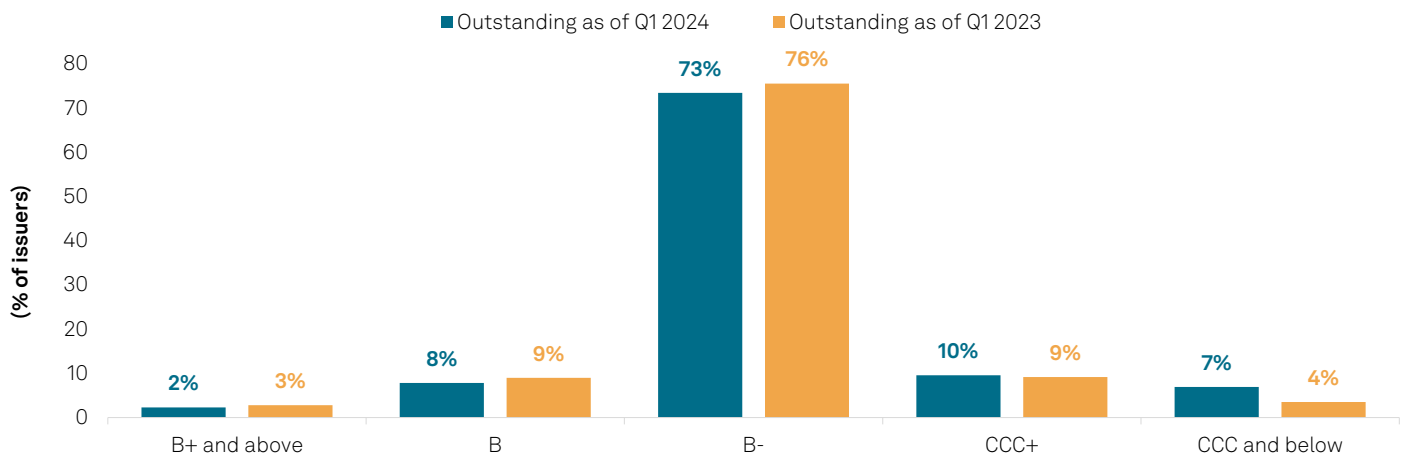
Note: Ratings and CreditWatch/outlooks as of May 13, 2024. NR--Not rated.
 Source: S&P Global Ratings. [U.S. BSL CLO Top Obligors And Industries Report: First-Quarter 2024](#), Apr. 11, 2024.

Middle Market CLOs | Credit Estimates

For more information, read the [Credit FAQ on Credit Estimates](#).

Chart 10

Overall credit estimate distribution by issuer count*



*Covers all outstanding S&P Global Ratings U.S. credit estimates, including estimates for obligors not currently held within a CLO transaction. CLO--Collateralized loan obligation. Source: S&P Global Ratings.

Sources

¹[U.S. Speculative-Grade Corporate Default Rate To Hit 4.75% By December 2024 After Third-Quarter Peak](#), Feb. 15, 2024

Related Research

- [Public-To-Private Borrowing Is A Two-Way Street](#), May 7, 2024
- [CreditWeek: Why Is EBITDA Addback Analysis Critical For Investors?](#), Apr. 11, 2024
- [Are Prospects For Global Debt Recoveries Bleak?](#), Mar. 14, 2024
- [High Interest Rates And Massive Debt Burdens Will Pressure U.S. Telecom And Cable Speculative-Grade Ratings In 2024](#), Feb. 26, 2024
- [North American Debt Recoveries May Trend Down For Longer](#), Dec. 11, 2023
- [Testing Private Debt's Resilience Through The Credit Estimate Lens](#), Nov. 2, 2023
- [Creative Structuring Helps Trinseo PLC. Comes With Lowered Recovery Prospects And Higher Costs](#), Sept. 19, 2023
- [Rocky Road Ahead For Recurring-Revenue Loans](#), June 21, 2023
- [Refinancing Needs And Rate Uncertainty Drive Issuers To The High-Yield Bond Market](#), June 1, 2023
- [Recovery Report Tracker--U.S. And Canada \(As Of April 27, 2023\)](#), April 27, 2023
- [Risks To Leveraged Loans And CLOs Amid An Increasingly Cloudy Macroeconomic Environment](#), March 29, 2023
- [New Study Finds U.S. Speculative-Grade Issuers Most Vulnerable To Higher-For-Longer Interest Rate Environment](#), March 27, 2023
- [Fifth Annual Study Of EBITDA Addbacks Finds Management Continues To Regularly Miss Projections](#), Feb. 16, 2023
- [Credit Trends: Risky Credits: North America's 'CCC+' And Below Rated Debt Reaches \\$230 Billion](#), Nov. 23, 2022
- [Credit FAQ: Envision Healthcare Corp.'s Two Major Restructurings In 100 Days](#), Sept. 2, 2022
- [Leveraged Finance: Leveraged Loan Market Could Feel The Pinch Of Higher Benchmark Rates And Risk Premiums For A While](#), Aug. 10, 2022
- [U.S. Leveraged Finance Q2 2022 Update: Corporate Borrowers Brace For Slow-Growth Recession](#), July 27, 2022
- [Common Themes In Middle-Market Credit Agreements](#), July 6, 2022

Leveraged Finance Key Resources

- [U.S. BSL CLO And Leveraged Finance Update Q2 2024](#), May 9, 2024
- [Credit Trends: Risky Credits: Defaults Drive Drop In North American Risky Credits](#), May 2, 2024
- [Middle-Market CLO And Private Credit Q2 2024](#), Apr. 24, 2024
- [Sixth Annual Study Of EBITDA Addbacks](#), Mar. 27, 2024
- [U.S. Leveraged Finance Q4 2023 Update](#), Feb. 23, 2024
- [U.S. Speculative-Grade Corporate Default Rate To Hit 4.75% By December 2024 After Third-Quarter Peak](#), Feb. 15, 2024
- [Global Leveraged Finance Handbook, 2022-2023](#), July 17, 2023
- [2022 Annual U.S. Corporate Default And Rating Transition Study](#), June 13, 2023

Articles are available at [Corporate Research | S&P Global Ratings \(spglobal.com\)](#).

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