

# This Week In Credit

## Mixed Week For Rating Activity

This report does not constitute a rating action.




May 20, 2024









### Key Takeaways





- Last week was a mixed one for rating activity as downgrades outnumbered upgrades but positive outlooks outnumbered negative ones.
- There were two rising stars, Antero Resources Corporation and Freeport-McMoRan Inc. –U.S. issuers from the oil and gas and mining sectors, respectively—bringing this year's total to 13.
- We added four new risky credits, all U.S. issuers and two from the telecommunications sector.
- One default last week brought this year's count to 57. Close to 60% have been U.S. issuers and we recently published our U.S. speculative-grade corporate default forecast of 4.5% by March 2025.










### Ratings performance trends

Arrows indicate week over week trend  

Positive  No change  Negative 

Rating actions				Rating transitions			
Upgrades	Downgrades	Positive OLCW changes	Negative OLCW changes	Rising stars	Fallen angels	Risky credits	Defaults
11 	13 	10 	6 	2 	0 	4 	1 

Industries most at risk			U.S. distress ratio
<b>Net outlook bias</b> Chemicals, packaging and environmental services <b>-17.9%</b> 	<b>Potential fallen angels</b> Homebuilders/real estate co.  <b>7</b>	<b>Weakest links</b> Consumer products  <b>42</b>	<b>5.6%</b> 

Ratings at a glance					
North America		Europe		Asia-Pacific	
Net outlook bias	<b>-9.7%</b> 	Net outlook bias	<b>-6.1</b> 	Net outlook bias	<b>-3.4%</b> 
Potential fallen angels ratio	<b>3.4%</b> 	Potential fallen angels ratio	<b>3.4%</b> 	Potential fallen angels ratio	<b>1.0%</b> 
Weakest links ratio	<b>14.7%</b> 	Weakest links ratio	<b>9.3%</b> 	Weakest links ratio	<b>3.5%</b> 

Data as of May 16, 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.

Source: S&P Global Ratings Credit Research & Insights.

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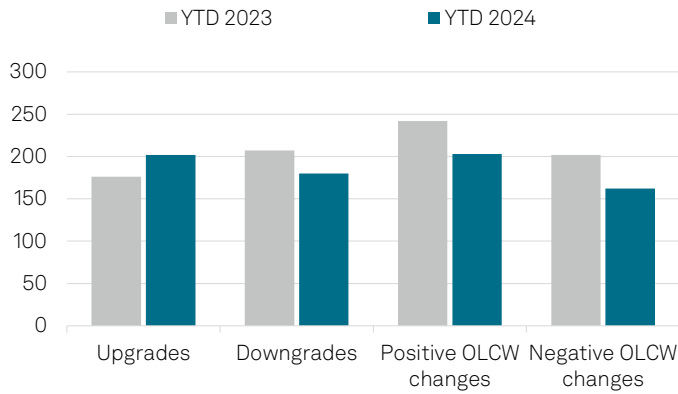
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## Year To This Week

Chart 1

### Rating actions

Year-to-date total and weekly average

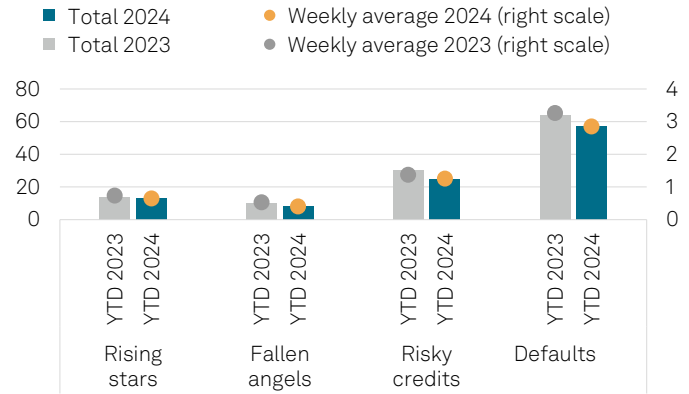


Data as of May 16, 2024 (2023 data is through May 16). YTD--Year to date. OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

### Rating transitions

Year-to-date total and weekly average



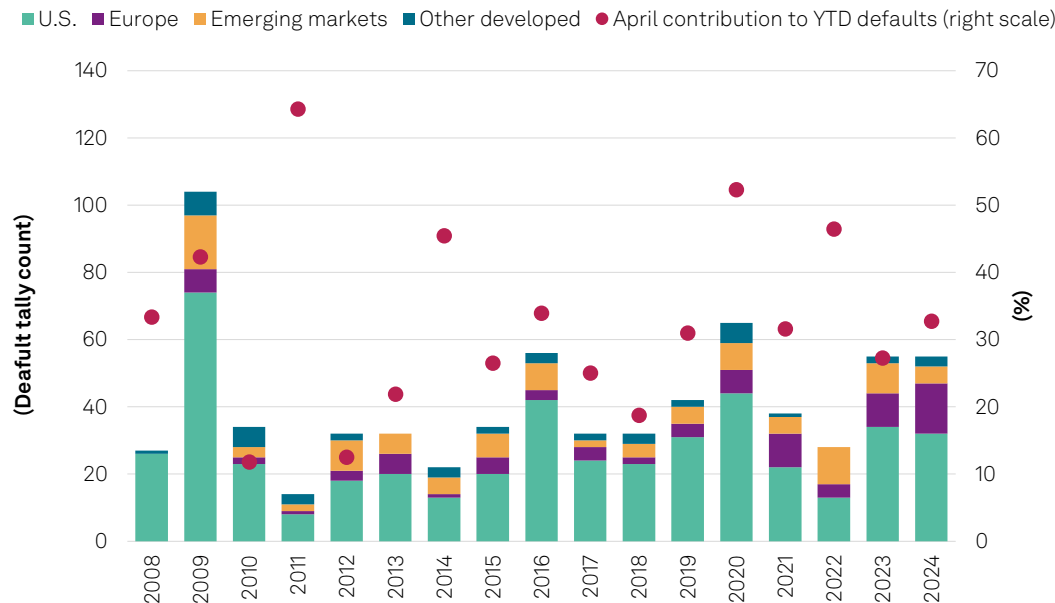
Data as of May 16, 2024 (2023 data is through May 16). YTD--Year to date. Source: S&P Global Ratings Credit Research & Insights.

## Chart Of The Week

Chart 3

### Defaults spiked in April

Year-to-date (YTD) default tally by region



This chart was first published in [Default, Transition, and Recovery: Monthly Default Tally Reached Four-Year High In April](#) on May 13, 2024. Data as of April 30, 2024. Data has been updated to reflect confidential issuers. Source: S&P Global Ratings.

## Related Research

[Credit Trends: U.S. Corporate Bond Yields As Of May 15, 2024](#), May 16, 2024

[Default, Transition, and Recovery: Resilient Growth, Resilient Yields, And Resilient Defaults To Bring The U.S. Speculative-Grade Corporate Default Rate To 4.5% By March 2025](#), May 16, 2024

[Default, Transition, and Recovery: Monthly Default Tally Reached Four-Year High In April](#), May 13, 2024

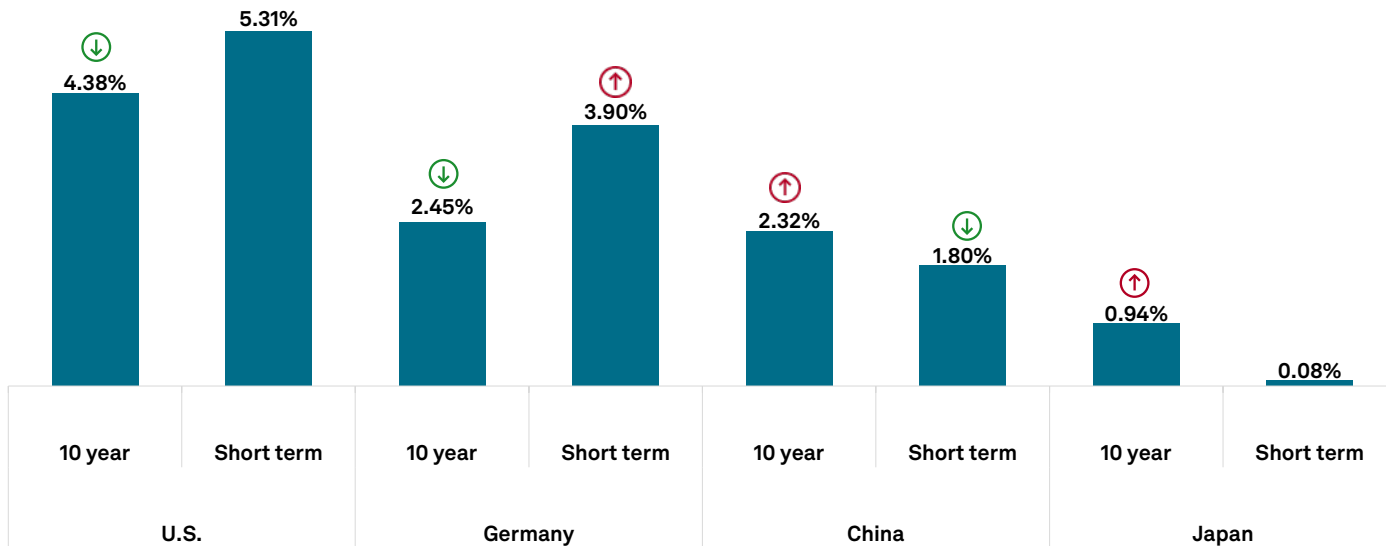
## Upcoming Webinars

[North-America Non-Bank Financial Institutions Update](#), May 23, 2024

# Credit Market Conditions

Chart 4

## Benchmark yields



Data as of May 16, 2024. Source: S&P Global Ratings Credit Research & Insights, Refinitiv, ICE Data Indices, Federal Reserve Bank of St. Louis. Economics & Country Risk from IHS Markit. Short-term rates: U.S., SOFR; Germany, euro short-term rate; China, DR007; and Japan, uncollateralized overnight call rate.

Chart 5

## Secondary market credit spreads

■ Spread (basis points) ■ Five-year average

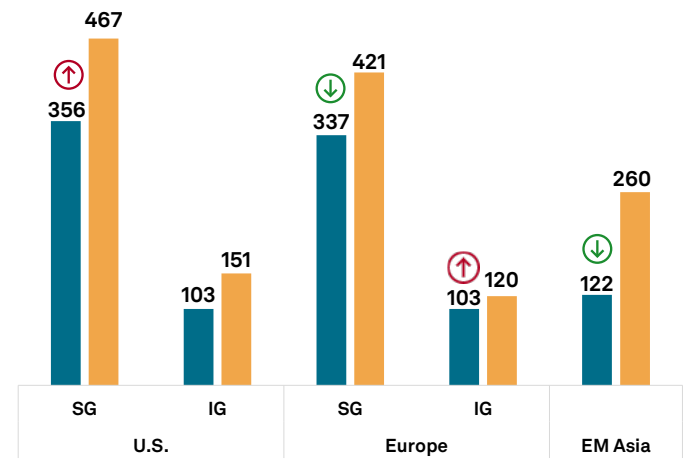
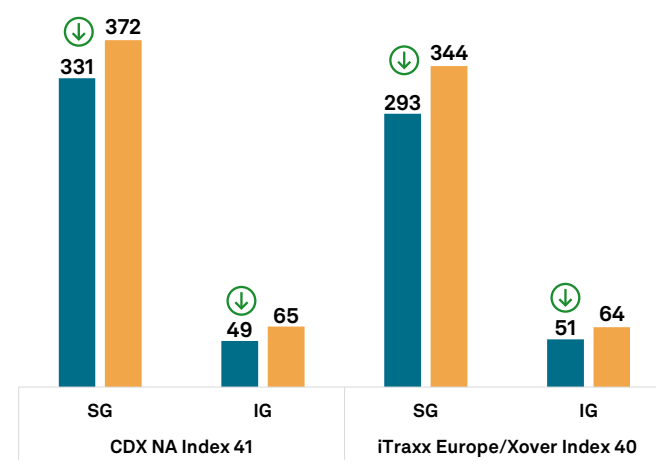


Chart 6

## CDS pricing

■ CDS spreads ■ Five-year average



Data as of May 16, 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.

## This Week In Credit: Mixed Week For Rating Activity

Table 1

### Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
May 15, 2024	Downgrade	Altice USA Inc.	Telecommunications	U.S.	CCC+/Negative	B-/Watch Neg	24,815
May 16, 2024	Downgrade	Medical Properties Trust Inc.	Homebuilders/real estate co.	U.S.	B-/Negative	B+/Negative	12,933
May 10, 2024	Upgrade	Haleon PLC	Consumer products	U.K.	BBB+/Stable	BBB/Stable	11,151
May 10, 2024	Downgrade	Altice International S.a.r.l. (Altice Europe N.V.)	Telecommunications	Luxembourg	B-/Negative	B/Stable	10,071
May 15, 2024	Upgrade	Antero Resources Corp.	Oil and gas	U.S.	BBB-/Stable	BB+/Positive	9,300
May 13, 2024	Upgrade	Freeport-McMoRan Inc.	Metals, mining, and steel	U.S.	BBB-/Stable	BB+/Positive	7,462
May 10, 2024	Downgrade	Connect Holding II LLC	Telecommunications	U.S.	CCC/Negative	B-/Negative	4,485
May 14, 2024	Upgrade	Thomson Reuters Corp.	Media and entertainment	Canada	BBB+/Stable	BBB/Stable	3,184
May 14, 2024	Upgrade	SeaWorld Parks & Entertainment Inc. (United Parks & Resorts Inc.)	Media and entertainment	U.S.	BB/Stable	BB-/Positive	3,168
May 15, 2024	Downgrade	LGC Science Group Holdings Ltd.	Consumer products	U.K.	B-/Stable	B/Stable	2,058

Data as of May 16, 2024. Note: Rating actions include financial and nonfinancial corporates and sovereign issuer credit ratings. Excludes no-debt corporate rating actions and confidential rating actions. \*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
May 10, 2024	Farfetch Ltd.	U.K.	Retail/restaurants	D	CC	Missed payments

Data as of May 16, 2024. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®. Excludes local currency defaults. Preliminary data. 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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