

This Week In Credit

Upgrades Pick Up

This report does not constitute a rating action.

June 10, 2024

Key Takeaways

- Last week saw the highest number of rating actions since early March. These rating actions were net positive.
- There was one default, lower than the year-to-date average of three per week. Sound Inpatient Physicians Inc. completed a distressed exchange, which we consider tantamount to default.
- We added one rising star--Masonite International Corp., a Canadian issuer from the forest products sector. There was also a fallen angel--CPI Property Group S.A., a Luxembourg commercial real estate company.
- Market pricing was mixed last week. Benchmark yields and CDS spreads dipped but secondary market corporate spreads mostly rose.

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
17	12	12	11	1	1	1	1

Industries most at risk			U.S. distress ratio
Net outlook bias Chemicals, packaging, and environmental services -18.5%	Potential fallen angels 6 Homebuilders/real estate co.	Weakest links 41 Consumer products	6.0%

Ratings at a glance					
North America		Europe		Asia-Pacific	
Net outlook bias	-10.0%	Net outlook bias	-4.8	Net outlook bias	-1.7%
Potential fallen angels ratio	3.4%	Potential fallen angels ratio	2.5%	Potential fallen angels ratio	1.0%
Weakest links ratio	14.5%	Weakest links ratio	8.6%	Weakest links ratio	7.0%

Data as of June 6, 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. 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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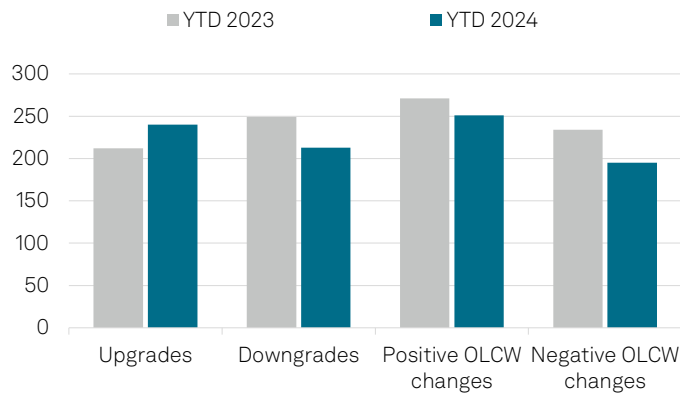
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Year To This Week

Chart 1

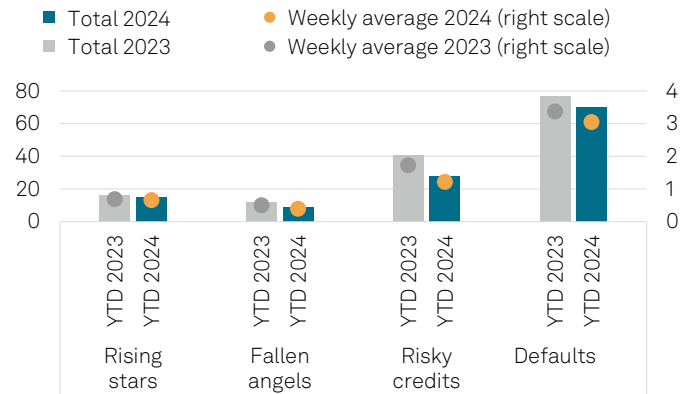
Rating actions Year-to-date total



Data as of June 6, 2024 (2023 data is through June 6). 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

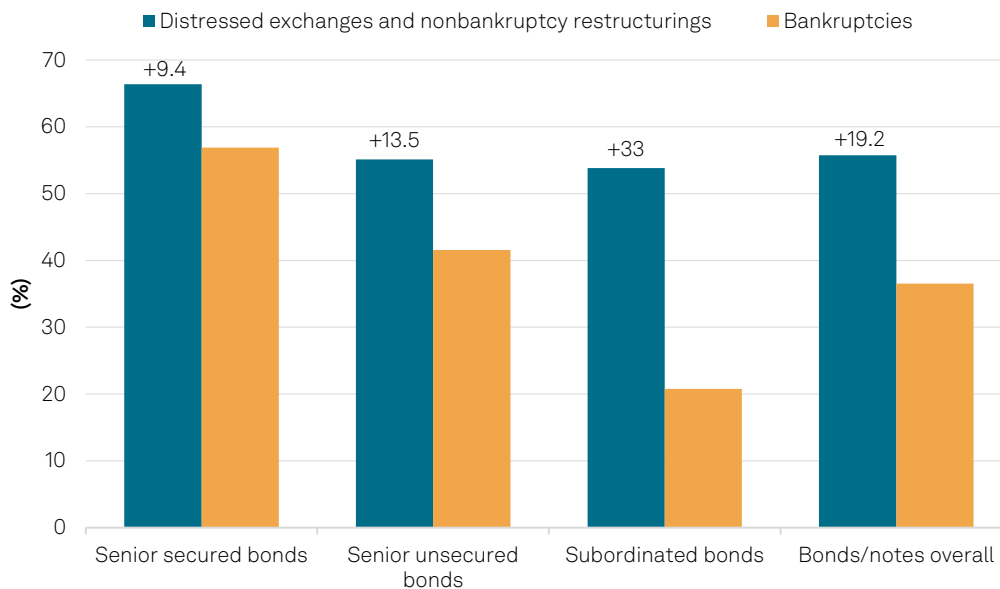


Data as of June 6, 2024 (2023 data is through June 6). YTD--Year to date. Source: S&P Global Ratings Credit Research & Insights.

Chart Of The Week

Chart 3

Bonds tend to experience higher recoveries following distressed exchanges



This chart was first published in "[Default, Transition, and Recovery: Overstated But Overdue: The Current Default Environment In The U.S.](#)," on June 5, 2024. Data labels represent the difference in recovery rates for each debt type and include bonds that emerged from default between 1987 and Sept. 30, 2023. Sources: S&P Global Market Intelligence's CreditPro and S&P Global Ratings Credit Research & Insights.

Related Research

[U.S. Corporate Bond Yields As Of June 5, 2024](#), June 6, 2024

[CreditWeek: What Could Trigger Lower-Rated Sovereigns To Default--Or Rebound--In 2024?](#), June 6, 2024

[Default, Transition, and Recovery: Overstated But Overdue: The Current Default Environment In The U.S.](#), June 5, 2024

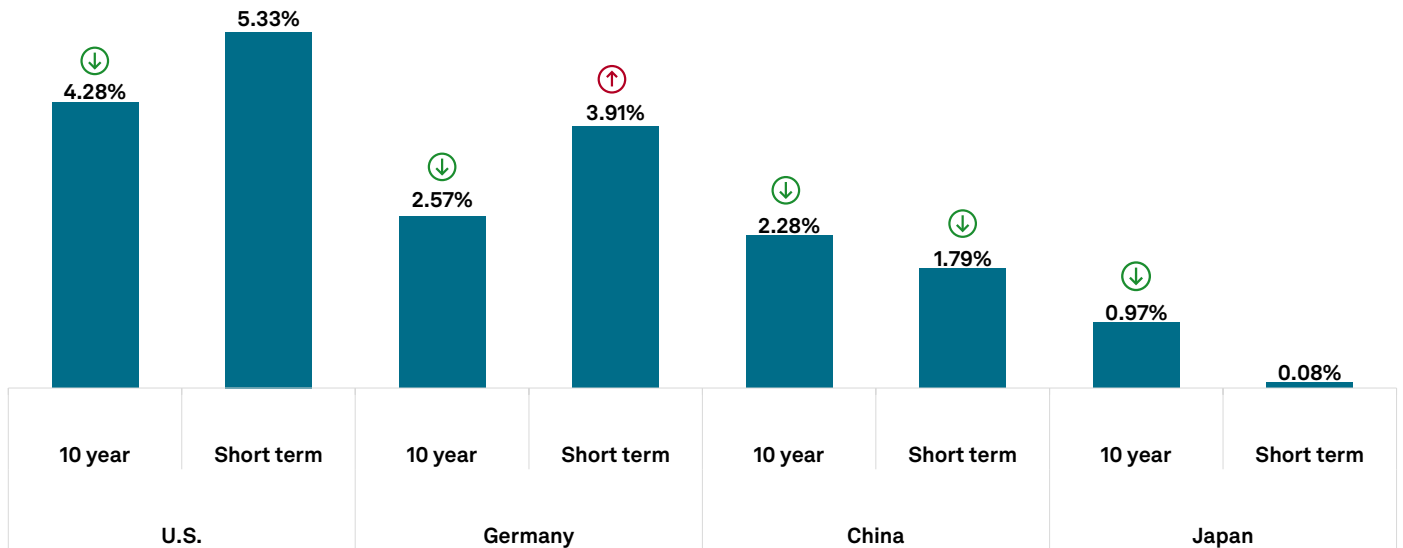
Upcoming Webinars

[Climate Transition: Shifting Policy Narratives and a Metals Sector Perspective](#), June 17, 2024

Credit Market Conditions

Chart 4

Benchmark yields



Data as of June 6, 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

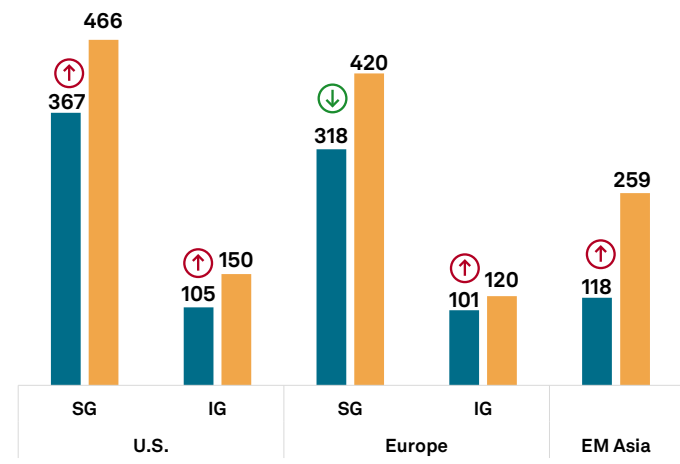
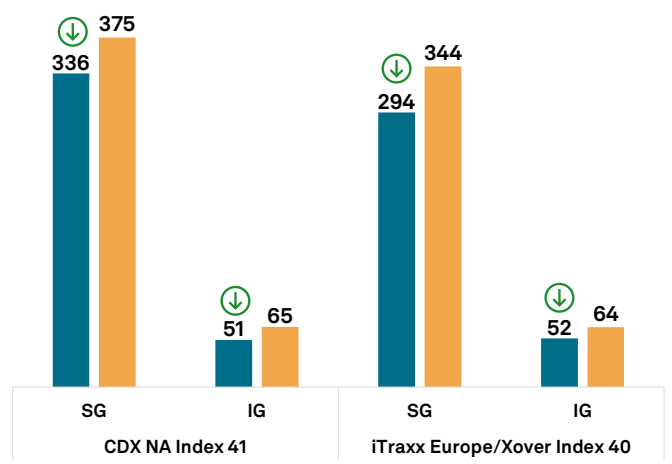


Chart 6

CDS pricing

■ CDS spreads ■ Five-year average



Data as of June 6, 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: Upgrades Pick Up

Table 1

Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
June 4, 2024	Downgrade	La Poste	Financial institution	France	A/Stable	A+/Negative	38,095
May 31, 2024	Downgrade	France	Sovereign	France	AA-/Stable	AA/Negative	24,426
June 6, 2024	Upgrade	TransDigm Inc.	Aerospace and defense	U.S.	BB-/Stable	B+/Stable	23,803
June 4, 2024	Upgrade	Clarios Global LP	Automotive	Canada	BB-/Stable	B+/Positive	18,509
May 31, 2024	Downgrade	Latvia	Sovereign	Latvia	A/Stable	A+/Negative	16,160
May 31, 2024	Downgrade	Lithuania	Sovereign	Lithuania	A/Stable	A+/Negative	14,659
May 31, 2024	Upgrade	Fairfax Financial Holdings Ltd.	Insurance	Canada	BBB+/Positive	BBB/Watch Pos	8,879
June 5, 2024	Upgrade	Luzerner Kantonalbank	Financial institution	Switzerland	AA+/Stable	AA/Positive	7,740
June 4, 2024	Upgrade	Bombardier Inc.	Aerospace and defense	Canada	B+/Stable	B/Stable	6,437
May 31, 2024	Downgrade	CPI Property Group S.A.	Homebuilders/real estate co.	Luxembourg	BB+/Negative	BBB-/Negative	6,299

Data as of June 6, 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
June 3, 2024	Sound Inpatient Physicians Inc., (Sound Inpatient Physicians Holdings, LLC)	U.S.	Health care	D	CC	Distressed exchange

Data as of June 6, 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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