

This report does not constitute a rating action.

U.S. And Canada Summary Report

July 16, 2024

The June Snapshot

U.S. CORPORATE RATINGS LEVERAGED FINANCE CONTACTS

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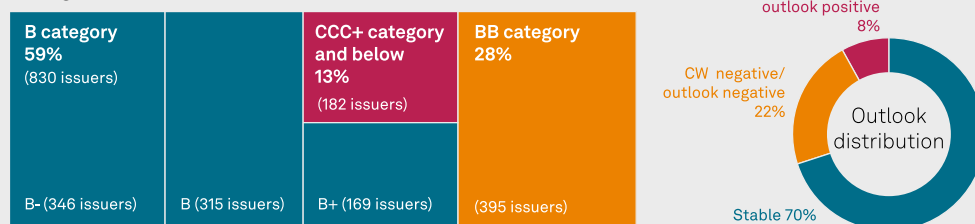
CONTENTS

Monthly Highlight	2
YTD Speculative-Grade Rating Actions	3
YTD Speculative-Grade New Issuers	4
Defaults	5
Speculative-Grade Rating And Outlook Mix	6
Recovery Ratings	7
CLOs	7
Middle-Market CLOs	8
Sources And Related Research	9

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

Speculative-grade corporate upgrades outnumbered downgrades in June

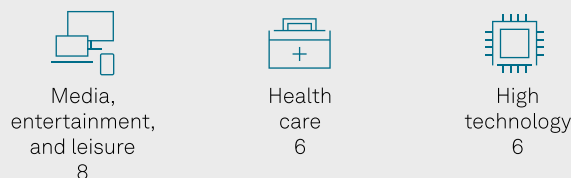
Rating distribution



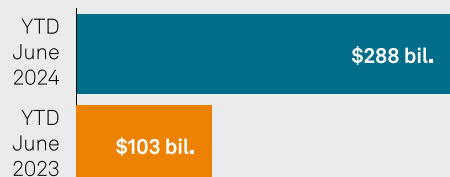
Nine new speculative-grade issuers in June



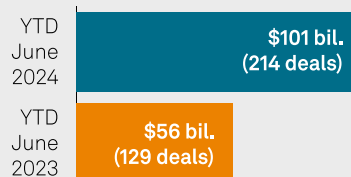
Top three sectors



Highest June issuance total (\$52 billion) in the U.S. primary leveraged loan market since 2021



Record year-to-date issuance in the U.S. CLO primary market after \$11 billion issued in June



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.

Key Insights

1. Upgrades outnumbered downgrades among speculative-grade corporate issuers in June, with 26 upgrades and 23 downgrades, reflecting issuers’ improving credit quality. The health care sector experienced the most downgrades, followed by the restaurants and retail sectors. On the other hand, the media and entertainment and leisure sectors had the most upgrades.
2. The media and entertainment sector has experienced the most defaults so far in 2024 as lower-rated issuers continue to struggle with changing consumer preferences. AMC Entertainment Holdings Inc.'s weak credit measures, including its negative free operating cash flow and substantial debt burden, rendered its capital structure unsustainable. Some of the other defaults involved companies operating in subsectors experiencing secular declines. The preliminary trailing 12-month speculative-grade corporate default rate remained above its long-term average of 4.1% at 4.66% as of May 2024.¹
3. In June, the outlook distribution for North American speculative-grade corporate ratings remained unchanged. Compared with the prior year, the mix has shifted slightly, with the proportion of stable outlooks dropping to 70% (from 72%) while the proportion of negative CreditWatch placements and negative outlooks increased to 22% (from 20%).

PODCASTS

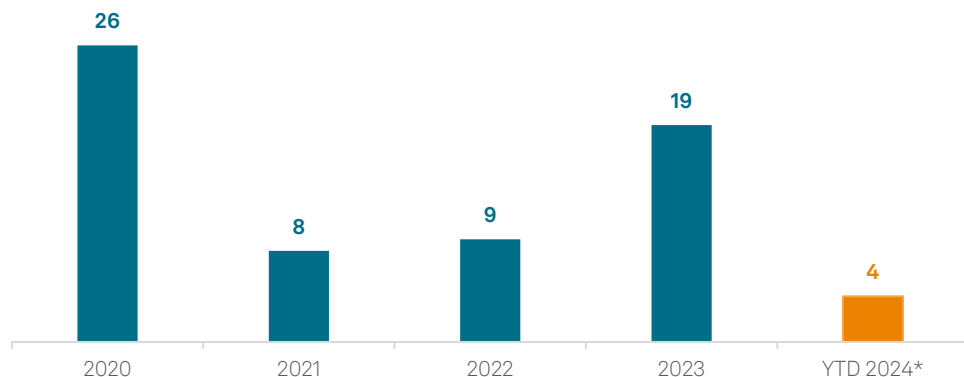
[The Upgrade Episode 33: Testing Private Debt's Resilience Through The Credit Estimate Lens](#), Mar. 22, 2024

[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

CE payment defaults by year



*Through June 20, 2024. Source: S&P Global Ratings.

Credit Payment Defaults Rose In 2023 As Weaker Borrowers Struggled To Service Debt

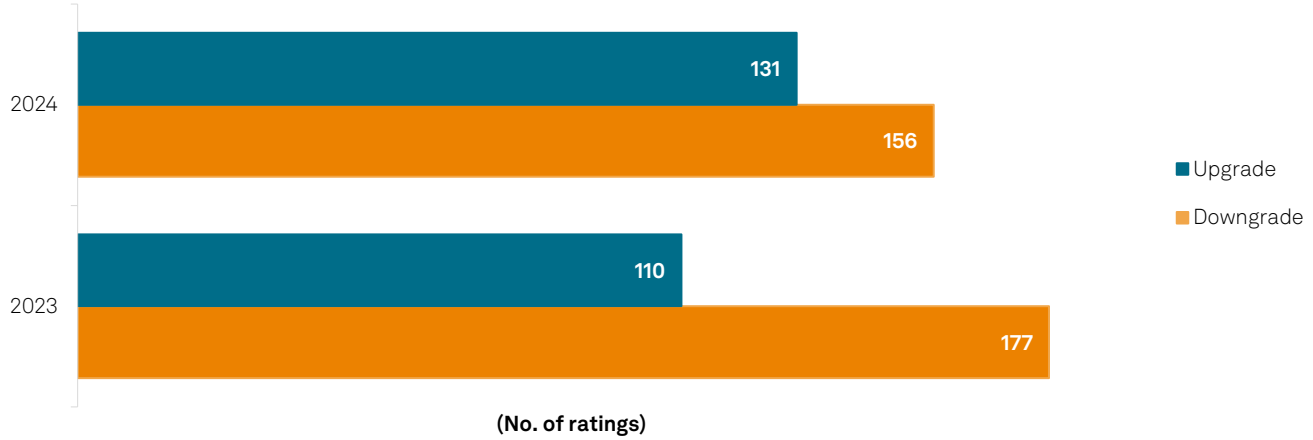
Payment defaults in private credit remain rare based on data from our credit estimates on middle-market borrowers. The CE general default rate (excluding selective defaults) is 0.5% on a trailing-12-month basis at the end of the first quarter of 2024, compared to a rate of 1.55% in the broadly syndicated loan (BSL) market. However, information on defaults in the private debt market is limited. We reviewed S&P Global Ratings' universe of over 2,000 credit-estimated issuers, which currently represent approximately \$500 billion of debt held by middle-market collateralized loan obligations (CLOs), and identified 66 cases of payment defaults that occurred between 2020 and mid-2024. For this study, we have only assessed instances where companies missed an interest or principal payment without a forbearance agreement in place.

[Read The Full Report >](#)

YTD 2024 & 2023 Speculative-Grade Rating Actions

Chart 1

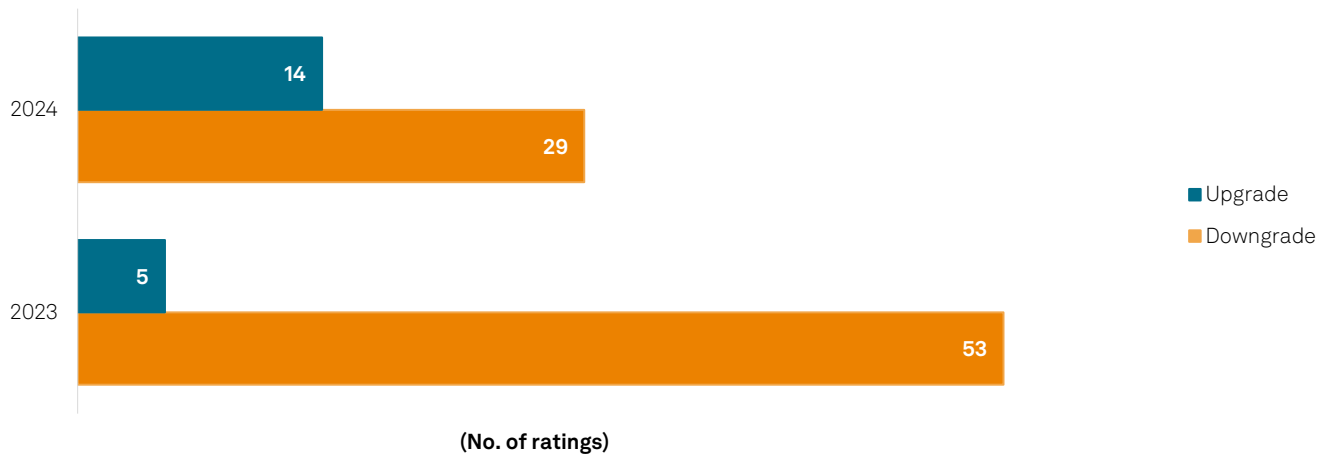
Upgrades and downgrades



Note: Data represents only rating actions for U.S. and Canada corporate ratings as of year-to-date June 2024 and 2023. For June 2024, the downgrade-to-upgrade ratio for the US and Canada was 0.88. last year vs this year. Source: S&P Global Ratings.

Chart 2

Ratings coming into/out of 'CCC' categories

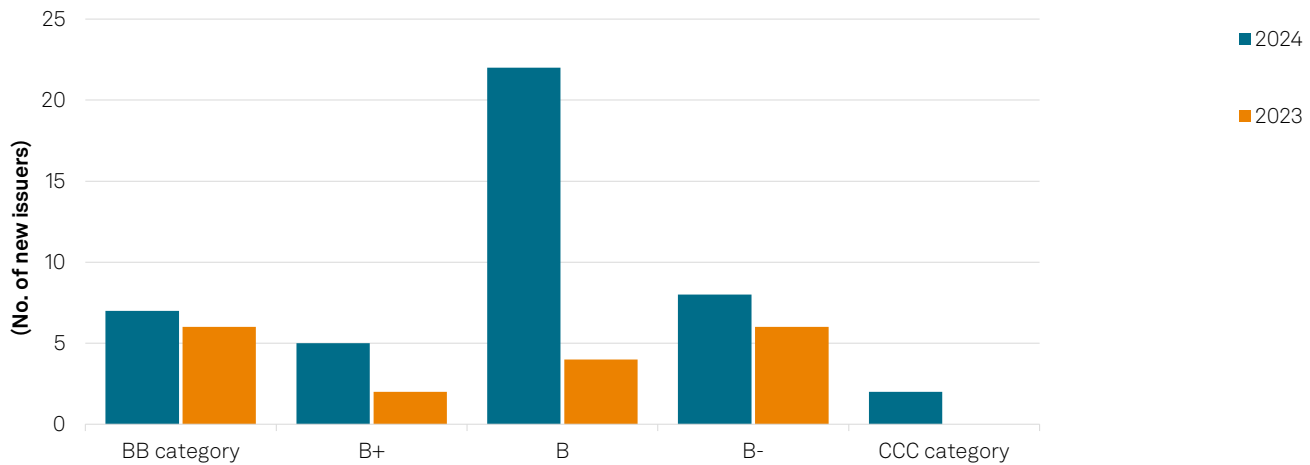


Note: Data represents only rating actions for U.S. and Canada corporate ratings as of year-to-date June 2024 and 2023. Source: S&P Global Ratings.

YTD 2024 & 2023 Speculative-Grade New Issuers

Chart 3

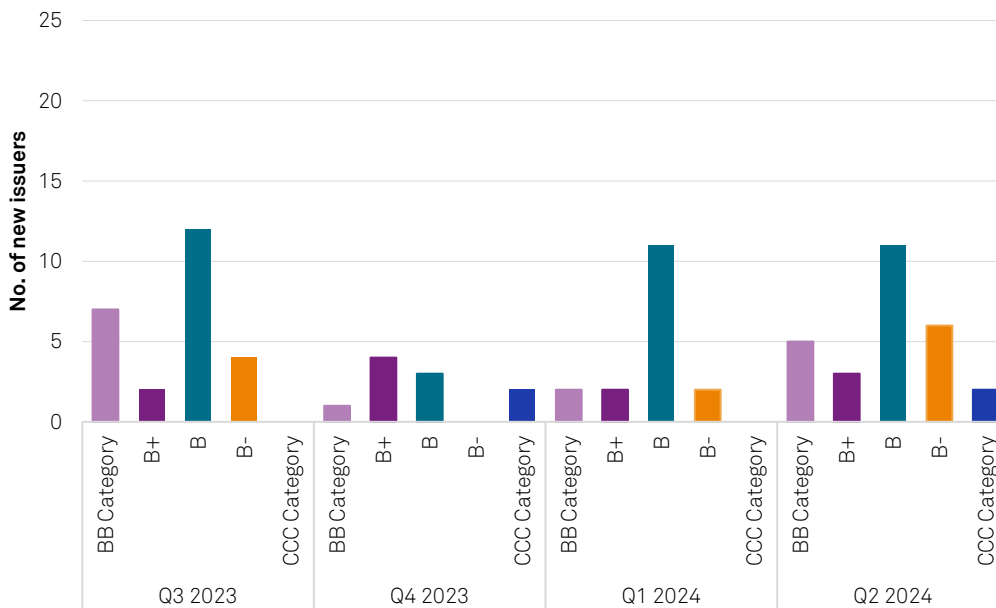
New issuers by rating



Note: Data represents new issuers as of year-to-date June 2024 and 2023. Includes U.S. and Canada corporate ratings and excludes confidential issuers. Source: S&P Global Ratings.

Chart 4

New issuers by quarter



Note: Includes U.S. and Canada corporate ratings and excludes confidential issuers. Source: S&P Global Ratings.

Defaults as of YTD May 31, 2024

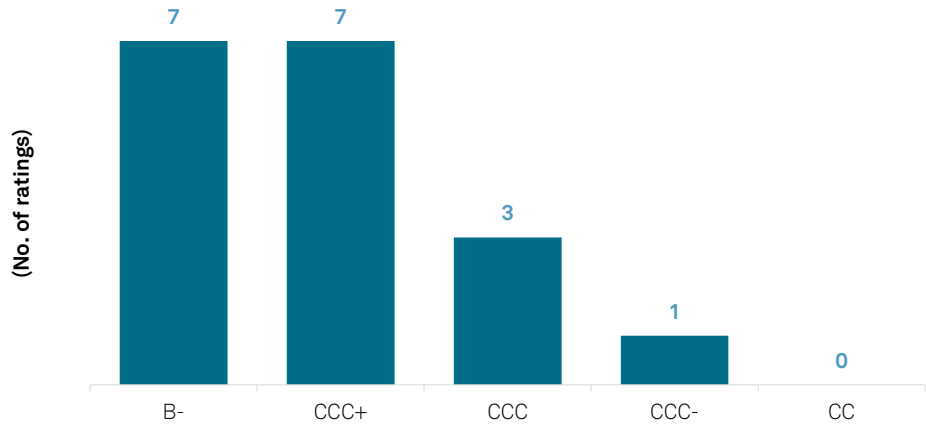
Chart 5

Downgrade to 'SD'/'D'



Chart 6

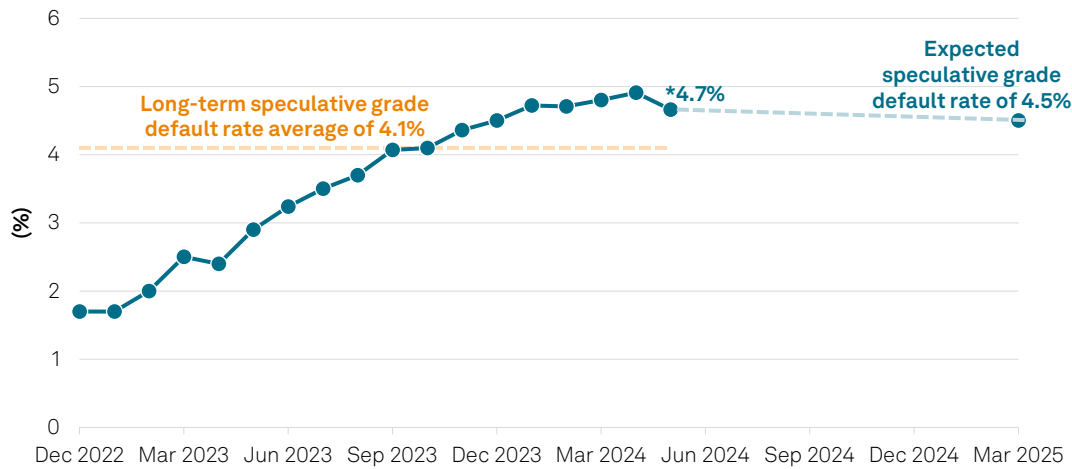
Ratings raised after selective default ('SD'—18 raised)



Note: Data as of YTD May 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, [An Increase In Distressed Exchanges Drives Defaults In Europe](#), published June 12, 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

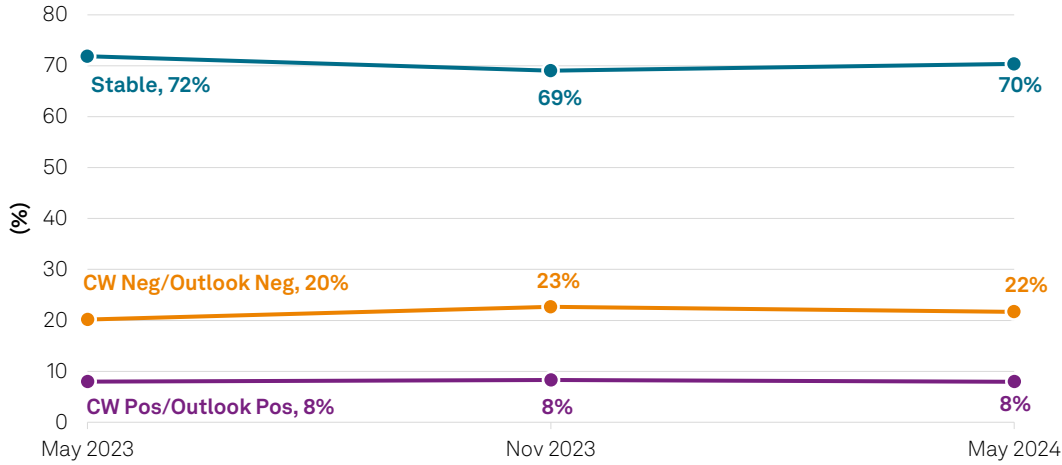


Note: *Trailing-12-month speculative-grade default rates from May 31, 2023 - May 31, 2024, are preliminary and subject to change. The long-term average dates back to Dec. 1981. Source: S&P Global Ratings, [An Increase In Distressed Exchanges Drives Defaults In Europe](#), published June 12, 2024.

Speculative-Grade Rating And Outlook Mix

Chart 8

June 2023/2024 speculative-grade CreditWatch/outlook distribution



Note: Data from June 30, 2023, to June 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.

Chart 10

June 2023 Spec-Grade Ratings Distribution

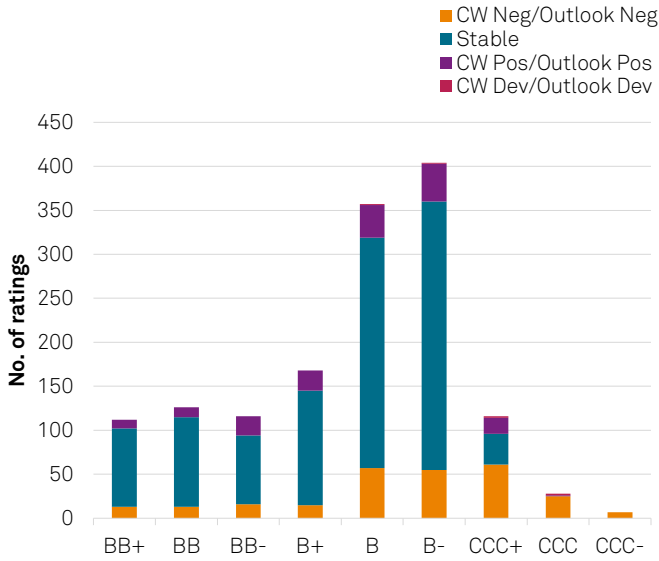
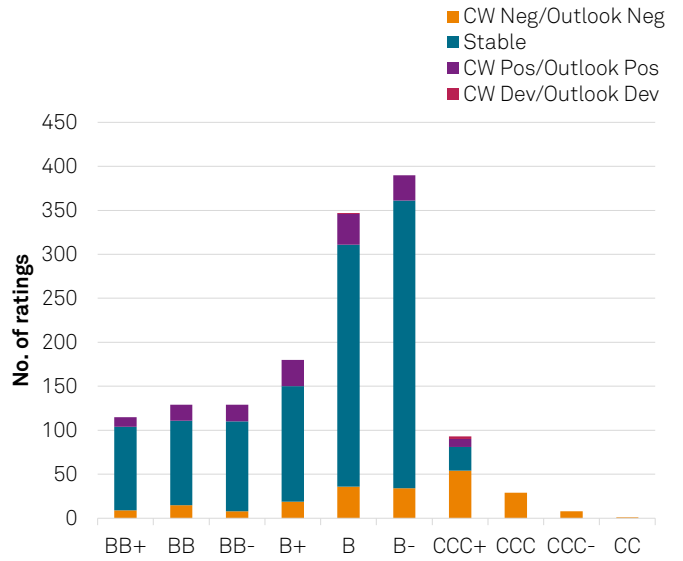


Chart 11

June 2024 Spec-Grade Ratings Distribution

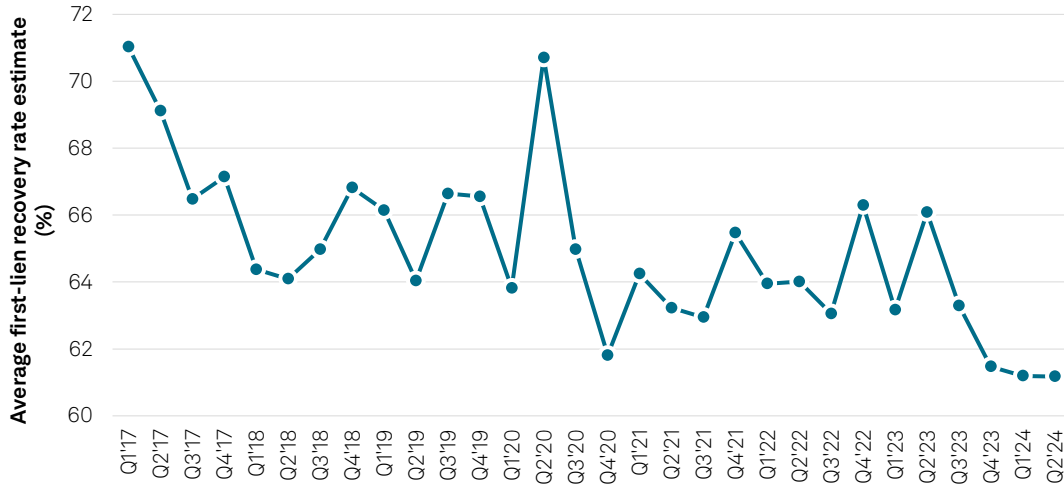


Note: Data as of June. 30, 2023, and 2024. Includes U.S. and Canada corporate ratings. Source: S&P Global Ratings.

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 parent obligors held in U.S. BSL CLOs (second-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.	BB-/Stable	Aerospace and defense
6	Peraton Corp.	B/Negative	Information technology services
7	Medline Borrower L.P.	B+/Stable	Health care providers and services
8	Endeavor Group Holdings Inc.	BB-/WatchNeg	Entertainment
9	Altice USA Inc.	CCC+/Negative	Media
10	Acrisure Holdings Inc.	B/Stable	Insurance

Note: Ratings and CreditWatch/outlooks as of July 15, 2024. NR--Not rated.

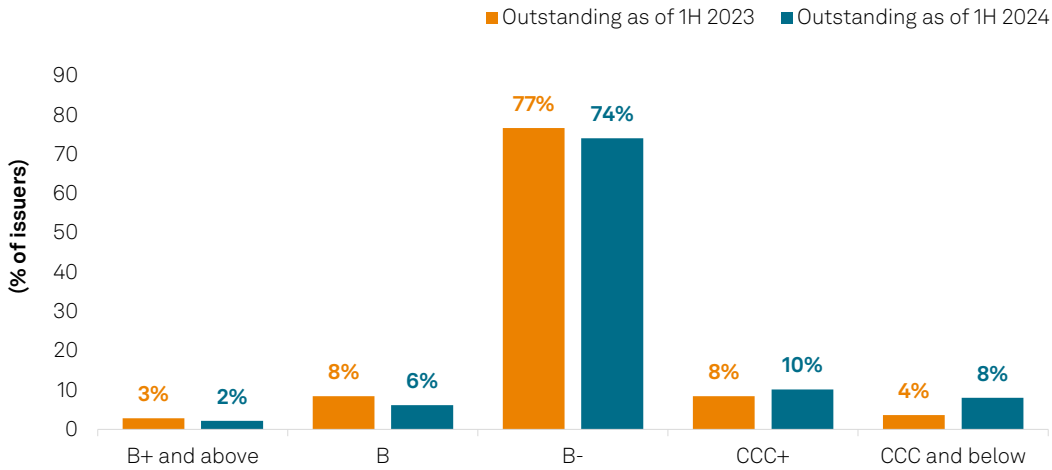
Source: S&P Global Ratings. [U.S. BSL CLO Top Obligators And Industries Report: Second-Quarter 2024](#), July 15, 2024.

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[An Increase In Distressed Exchanges Drives Defaults In Europe](#), June 12, 2024

Related Research

- [Private Markets Monthly, June 2024: How Aggressive Out-Of-Court Loan Restructurings Threaten Institutional First-Lien Recovery Prospects](#), July 3, 2024
- [Private Credit Payment Defaults Rose In 2023 As Weaker Borrowers Struggled To Service Debt](#), June 26, 2024
- [Private Markets Monthly, May 2024: How Credit Estimates Provide Transparency On Middle Market Private Debt](#), May 31, 2024
- [Public-To-Private Borrowing Is A Two-Way Street](#), May 7, 2024
- [CreditWeek: Why Is EBITDA Addback Analysis Critical For Investors?](#), April 11, 2024
- [Are Prospects For Global Debt Recoveries Bleak?](#), March 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
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- [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
- [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
- [Common Themes In Middle-Market Credit Agreements](#), July 6, 2022

Leveraged Finance Key Resources

- [2023 Annual U.S. Corporate Default And Rating Transition Study](#), May 28, 2024
- [U.S. Leveraged Finance Q1 2024 Update](#), May 23, 2024
- [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
- [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](#), April 24, 2024
- [Sixth Annual Study Of EBITDA Addbacks](#), March 27, 2024
- [Global Leveraged Finance Handbook, 2022-2023](#), July 17, 2023

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

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