

This report does not constitute a rating action.

U.S. And Canada Summary Report

Aug. 14, 2024

The July Snapshot

U.S. CORPORATE RATINGS LEVERAGED FINANCE CONTACTS

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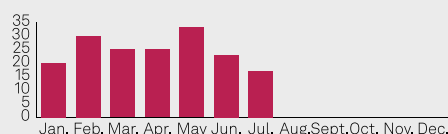
DATA -To see the data used in this report, click [here](#).

Speculative-grade corporate upgrades outnumbered downgrades in July

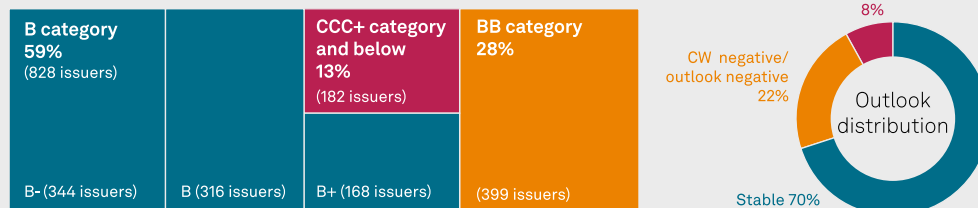
Upgrades and upgrades from 'SD'



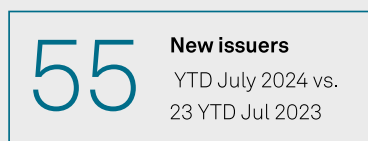
Downgrades



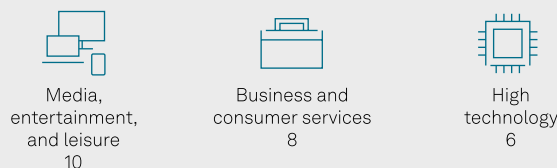
Rating distribution



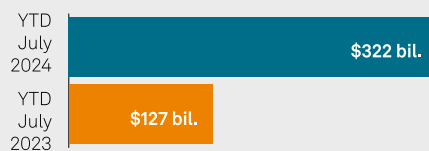
11 new speculative-grade issuers in July



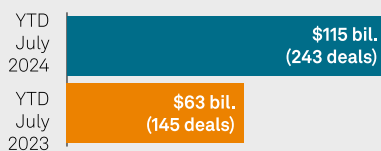
Top three sectors



U.S. primary leveraged loan issuance totaled \$35 billion in July



Highest July issuance in the U.S. CLO primary market since 2014, with \$13 billion issued during the month



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 continued to outpace downgrades among speculative-grade corporate issuers in July, with 20 upgrades and 17 downgrades, reflecting issuers' improving credit quality. The media, entertainment, and leisure sector experienced the most upgrades. On the other hand, the media, entertainment, and leisure and retail and restaurant sectors experienced the most downgrades, followed by health care.
2. Despite the greater volume of positive rating actions, the number of downgrades into the 'CCC' rating category among U.S. and Canadian corporate issuers increased to six in July. The media, entertainment, and leisure sector led with three downgrades, including two issuers experiencing elevated refinancing risk and one that expected a liquidity shortfall in the next 12 months. A decline in operating performance amid macroeconomic and secular pressures is a recurring theme among these issuers. The retail sector followed closely with two downgrades. The issuers in these two sectors have very weak credit quality.
3. The majority of the June defaults occurred in the health care sector, with distressed exchanges continuing to be the primary reason for default. The preliminary trailing 12-month speculative-grade corporate default rate remained above its long-term average of 4.1% at 4.6% as of June 2024.¹

PODCASTS

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

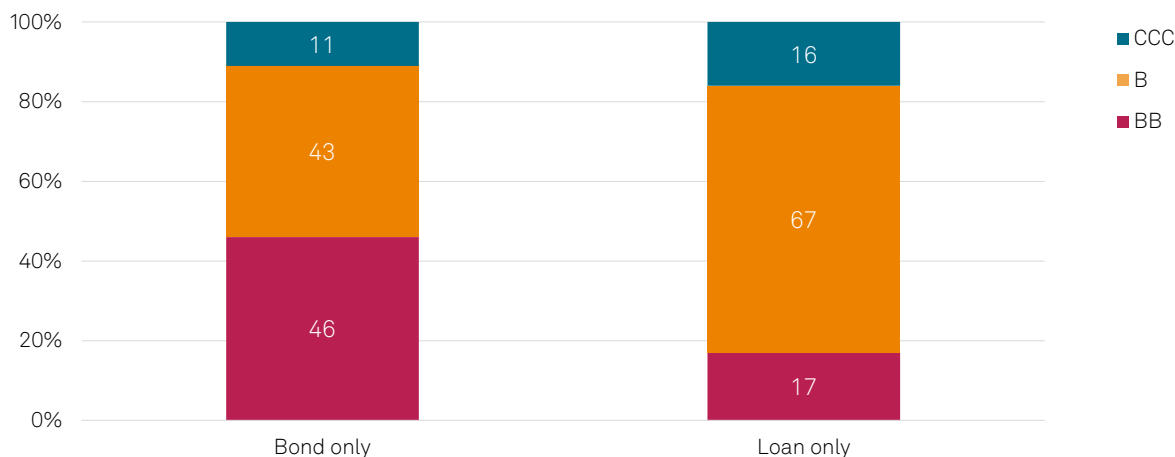
[The Upgrade Episode 32: Creative Structuring Helps Trinseo PLC](#), Nov. 10, 2023

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

Monthly Highlight

Credit Trends Generally Positive, But First-Lien Recovery Prospects Still Under Pressure

Credit profile: Loan only versus bond-only issuers (by entity rating)



Source: S&P Global Ratings.

[Read The Full Report >](#)

Contrasting Loan-Only, Bond-Only, And Mixed Debt Structures

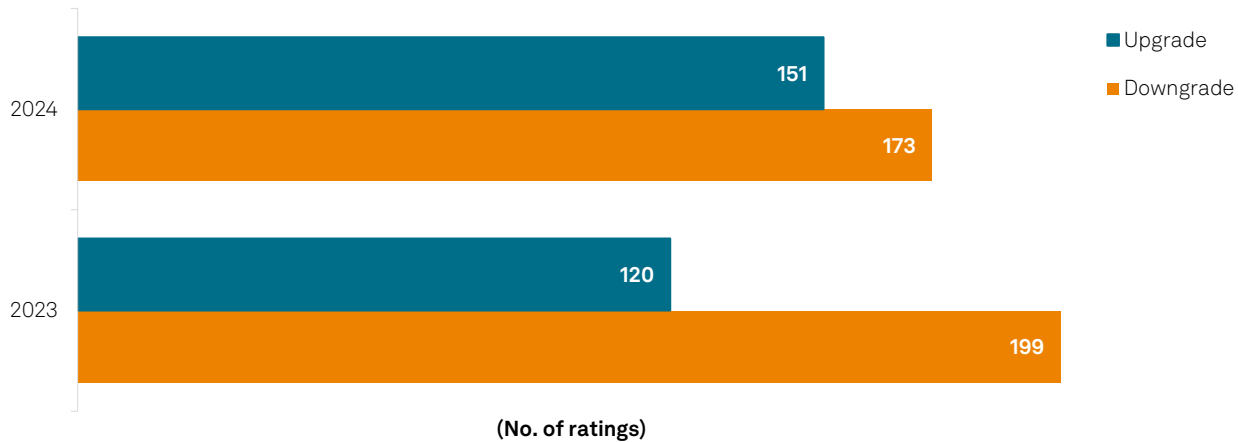
Over the past decade, we have observed a shift toward loan-heavy and loan-only debt structures, particularly those backed by private equity sponsors. This preferred approach has enabled companies to minimize overall debt costs despite high debt leverage given the historically low

interest rate environment that persisted before early 2022. Our analysis in the past has shown that borrowers with loan-only structures have significantly higher leverage and lower estimated recovery than other structures. We revisit this topic to glean information and additional insights from additional quarters of data. Specifically, our assessment breaks down credit metrics by the issuer's debt profile--loan only, bond only, and mixed.

YTD 2024 & 2023 Speculative-Grade Rating Actions

Chart 1

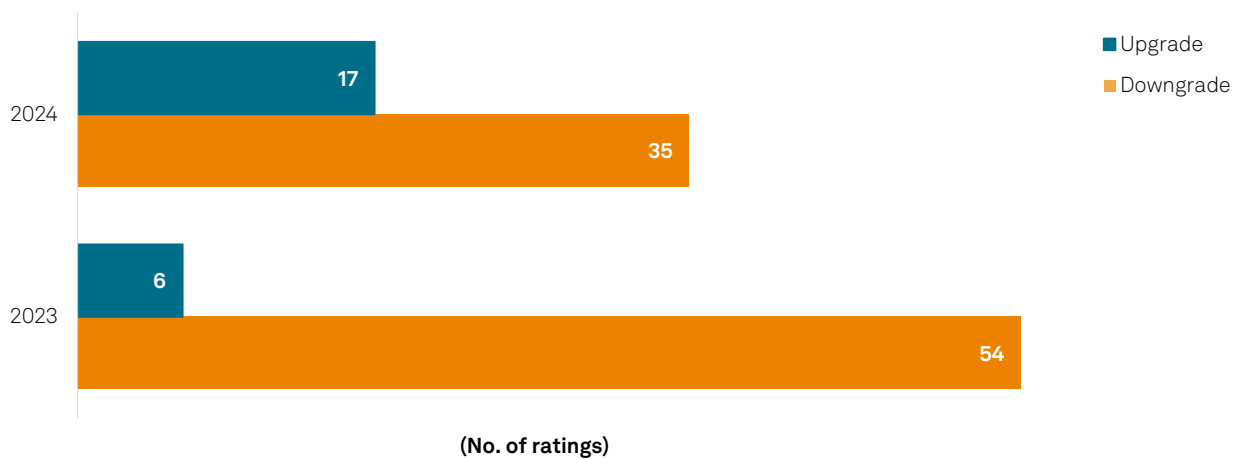
Upgrades and downgrades



Note: Data represents only rating actions for U.S. and Canada corporate ratings as of year-to-date July 2024 and 2023. For July 2024, the downgrade-to-upgrade ratio for the US and Canada was 0.85. Source: S&P Global Ratings.

Chart 2

Ratings coming into/out of 'CCC' categories

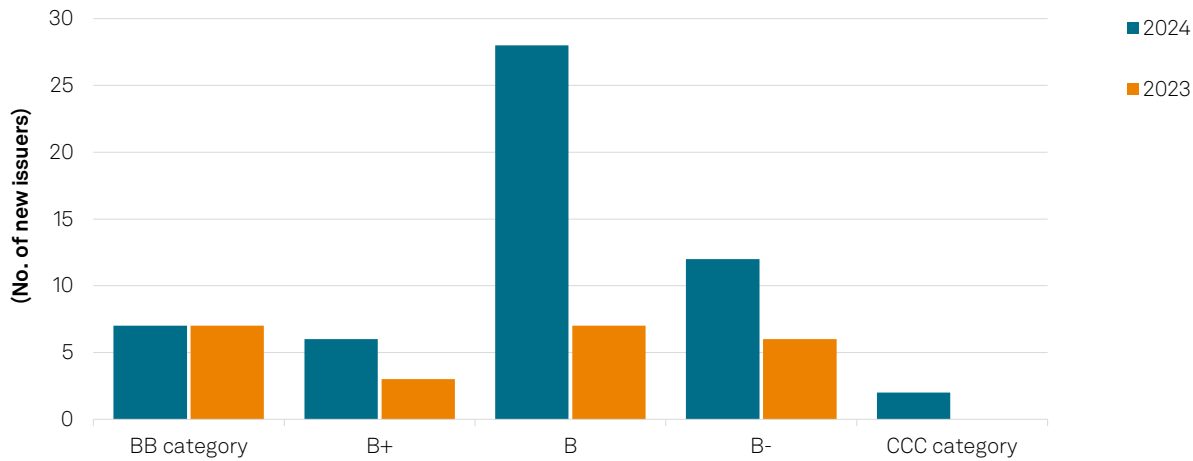


Note: Data represents only rating actions for U.S. and Canada corporate ratings as of year-to-date July 2024 and 2023. Source: S&P Global Ratings.

YTD 2024 & 2023 Speculative-Grade New Issuers

Chart 3

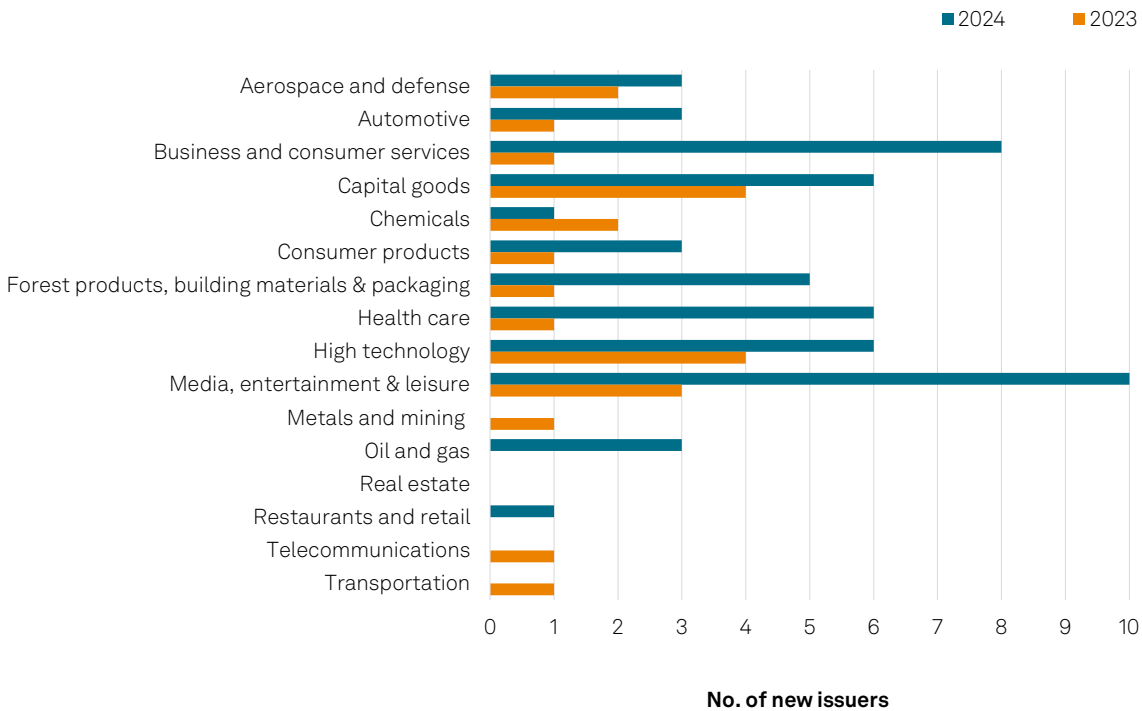
New issuers by rating



Note: Data represents new issuers as of year-to-date July 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 June 30, 2024

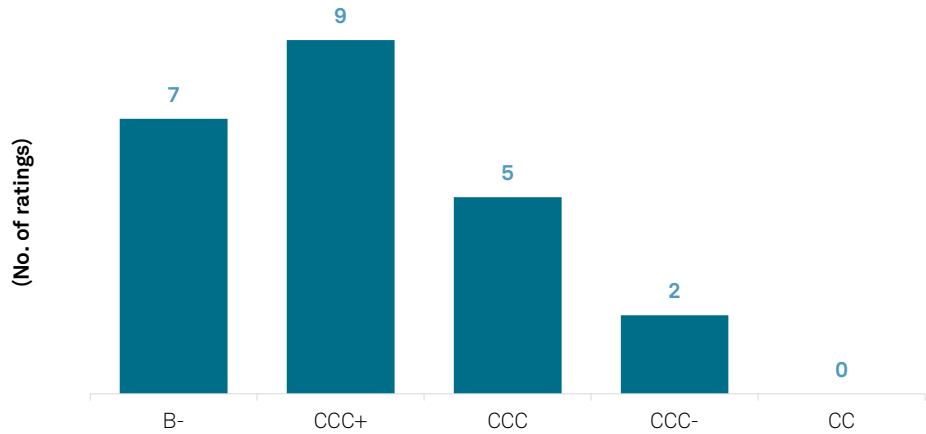
Chart 5

Downgrade to 'SD'/'D'



Chart 6

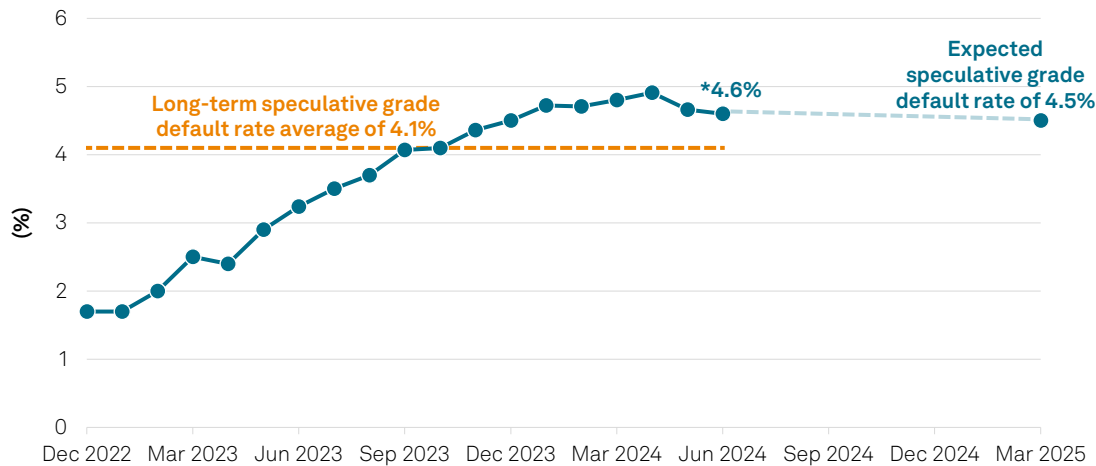
Ratings raised after selective default ('SD'—23 raised)



Note: Data as of YTD June 30, 2024. Includes U.S. (including Bermuda and Cayman Islands in chart 5) and Canada corporate defaults. Chart 6 is as of July 31, 2024. SD--Selective default. Source: S&P Global Ratings. For more information on U.S. and Canada defaults, refer to our monthly publication, [Defaults Drop In June](#), published July 17, 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

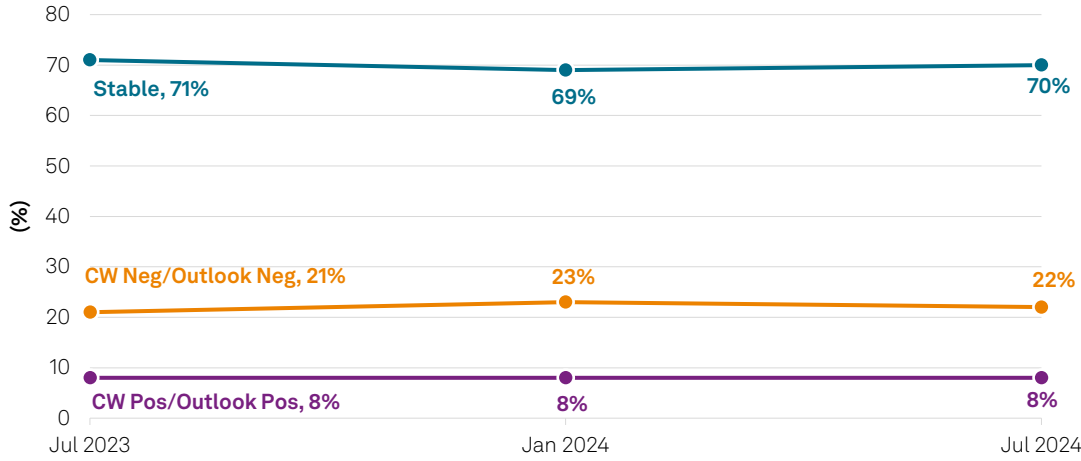


Note: *Trailing-12-month speculative-grade default rates from June 30, 2023 - June 30, 2024, are preliminary and subject to change. The long-term average dates back to Dec. 1981. Source: S&P Global Ratings, [Defaults Drop In June](#), published July 17, 2024.

Speculative-Grade Rating And Outlook Mix

Chart 8

July 2023/2024 speculative-grade CreditWatch/outlook distribution



Note: Data from July 31, 2023, to July 31, 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 9

July 2023 Spec-Grade Ratings Distribution

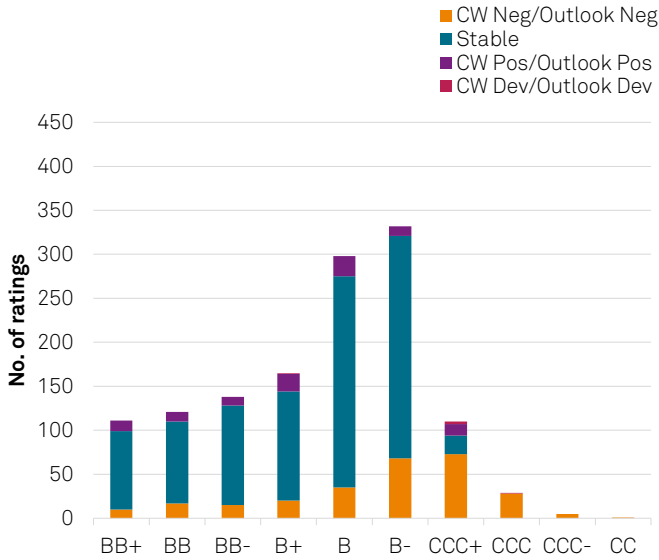
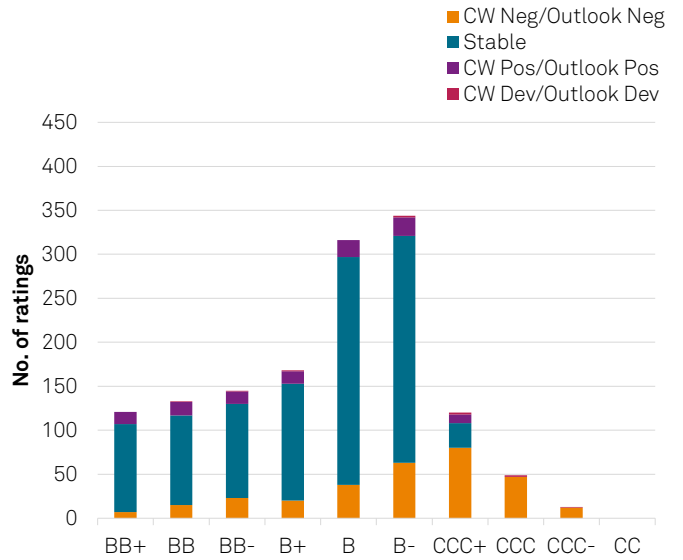


Chart 10

July 2024 Spec-Grade Ratings Distribution

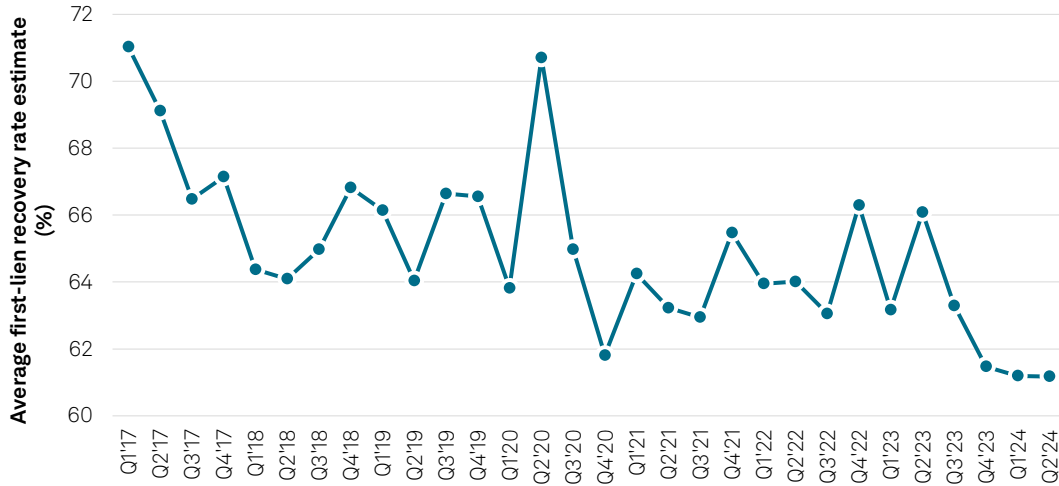


Note: Data as of July 31, 2023, and 2024. Only includes active issuers, issuers that were once rated and withdrawn over time are not included in these distributions. Includes U.S. and Canada corporate ratings. Source: S&P Global Ratings.

Recovery Ratings

Chart 11

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 Aug. 12, 2024. NR--Not rated.

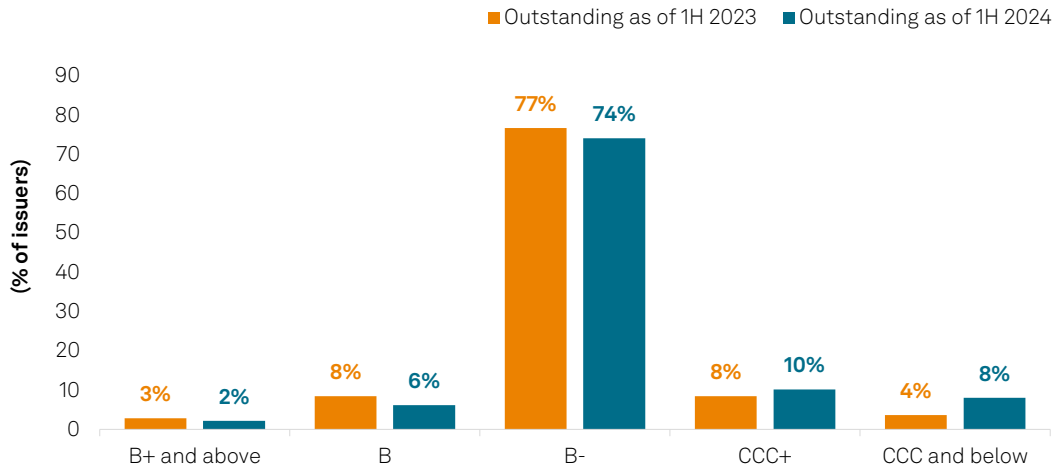
Source: S&P Global Ratings. [U.S. BSL CLO Top Obligators And Industries Report: Second-Quarter 2024](#), July 15, 2024.

Middle Market CLOs | Credit Estimates

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

Chart 12

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 [Defaults Drop In June](#), July 17, 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
- [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
- [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

- [U.S. Leveraged Finance Q2 2024 Update](#), Aug. 7, 2024
- [U.S. BSL CLO And Leveraged Finance Quarterly Deck: Q3 2024](#), Aug. 7, 2024
- [Risky Credits: U.S. And Canadian Downgrades Into 'CCC' Sharply Rise](#), July 26, 2024
- [Private Credit And Middle-Market CLO Quarterly Deck: Q3 2024](#), July 24, 2024
- [2023 Annual U.S. Corporate Default And Rating Transition Study](#), May 28, 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
- [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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