

This Week In Credit

Defaults On The Double


This report does not constitute a rating action.


Sept. 30, 2024









Key Takeaways





- Rating activity turned net positive last week, with a decline in downgrades alongside a nearly balanced amount of positive and negative outlook and CreditWatch changes.
- U.S. entities accounted for most upgrades, while most downgrades came from Europe.
- Last week saw this year's 12th fallen angel, Luxembourg-based Belron Group S.A. There were also two new risky credits, both consumer product issuers.
- Defaults doubled to four last week, with two issuers from chemicals, packaging and environmental services. Three of the defaults were the result of distressed exchanges.










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
9 	6 	12 	13 	0 	1 	2 	4 

Industries most at risk			U.S. distress ratio
Net outlook bias Chemicals, packaging, and environmental services -17.5% 	Potential fallen angels 8 Utilities 	Weakest links 36 Consumer products 	4.8% 

Ratings at a glance					
North America		Europe		Asia-Pacific	
Net outlook bias	-9.0% 	Net outlook bias	-3.8% 	Net outlook bias	-0.2% 
Potential fallen angels ratio	3.8% 	Potential fallen angels ratio	3.4% 	Potential fallen angels ratio	2.0% 
Weakest links ratio	13.3% 	Weakest links ratio	6.8% 	Weakest links ratio	5.4% 

Data as of Sept. 26, 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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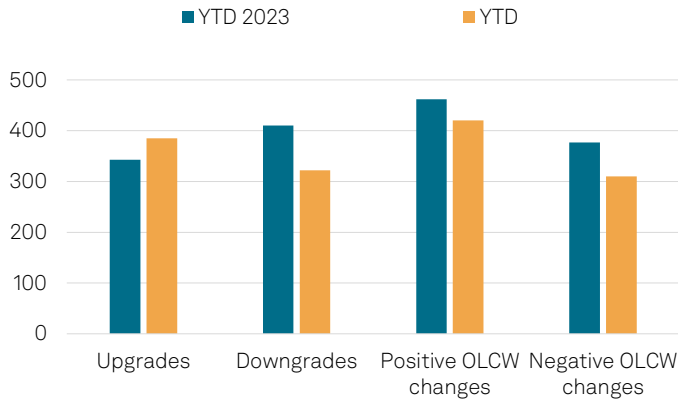
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Year To This Week

Chart 1

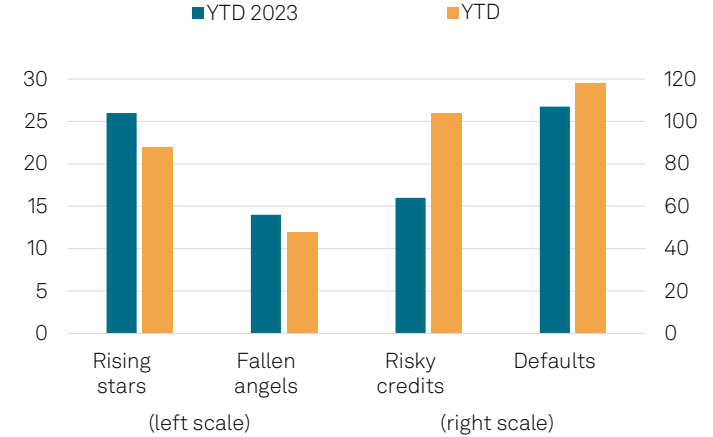
Rating actions Year-to-date total



Data as of Sept. 26, 2024 (2023 data is through Sept. 26). YTD--Year to date. OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

Rating transitions Year-to-date total

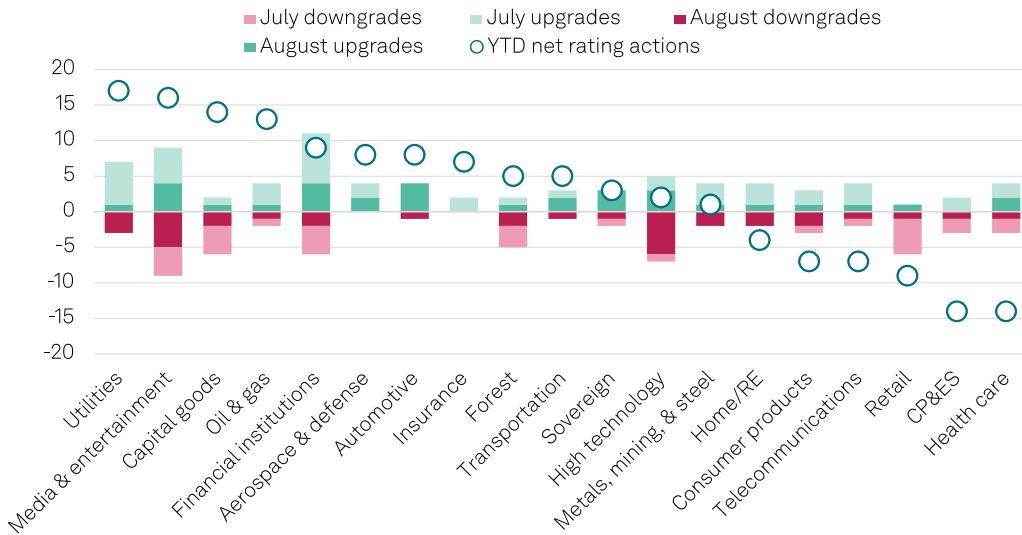


Data as of Sept. 26, 2024 (2023 data is through Sept. 26). YTD--Year to date. Due to a calculation correction, we revised the number of risky credits. Source: S&P Global Ratings Credit Research & Insights.

Chart Of The Week

Chart 3

While downgrades increased in August, over two-thirds of sectors have positive net rating actions year to date



This chart was first published in "[This Month In Credit: Positive Momentum Requires Close Inspection](#)," on Sept. 26, 2024. Data as of Aug. 31, 2024. Note: Includes sovereign, financial, and nonfinancial corporate upgrades and downgrades globally. IG--Investment grade. SG--Speculative grade. Source: S&P Global Ratings Credit Research & Insights.

Related Research

[Credit Trends: U.S. Corporate Bond Yields As Of September 25, 2024](#), September 27, 2024

[Default, Transition, and Recovery: The U.S. Leveraged Loan Default Rate Is Set To Remain Near 1.5% Through June 2025](#), September 20, 2024

[This Month In Credit: Positive Momentum Requires Close Inspection](#), September 26, 2024

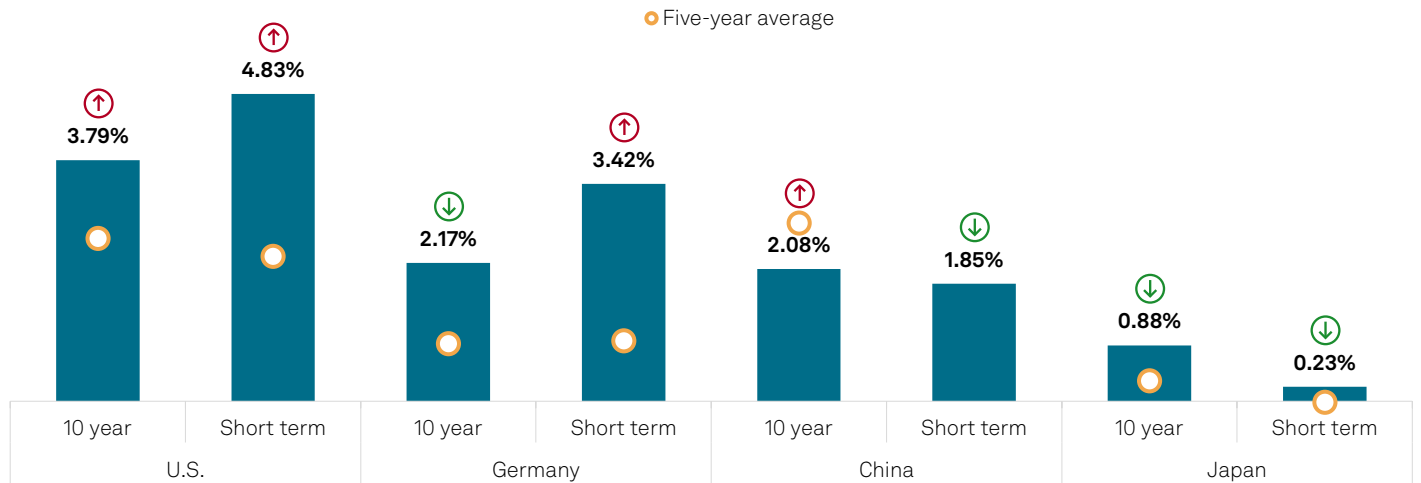
Upcoming Webinars

[Global Credit Conditions Q4: \(Americas/EMEA Session\)](#), October 2, 2024

Credit Market Conditions

Chart 4

Benchmark yields



Data as of Sept. 26, 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

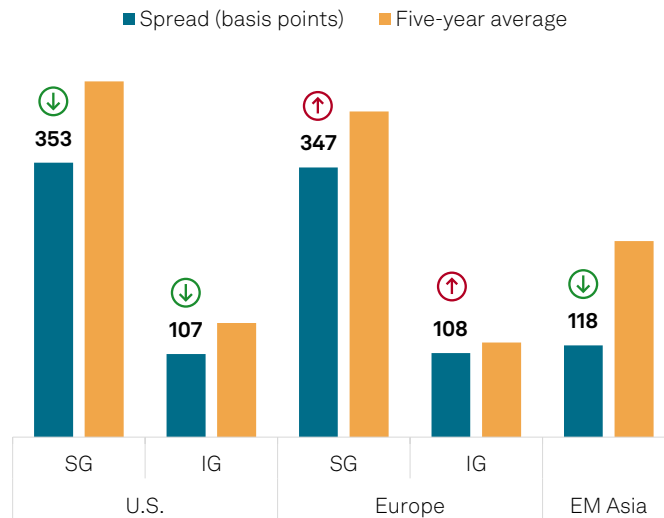
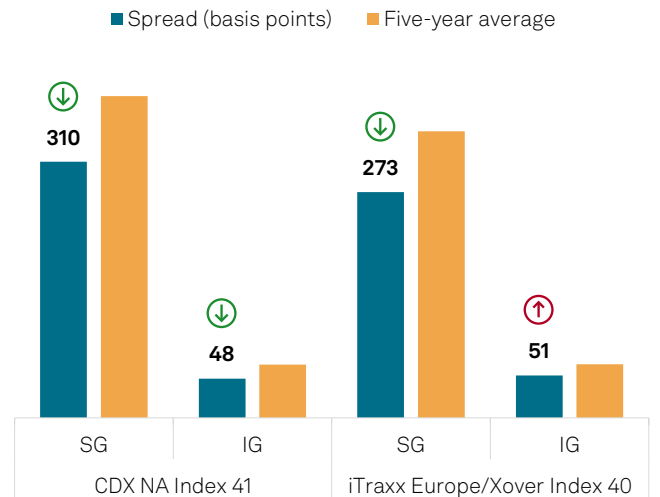


Chart 6

CDS pricing



Data as of Sept. 26, 2024. The arrows indicate weekly trends. SG--Speculative-grade. IG--Investment-grade. EM--Emerging market. 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: Defaults On The Double

Table 1

Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
Sept. 23, 2024	Downgrade	Belron Group S.A.	Consumer products	Luxembourg	BB-/Stable	BBB-/Watch Neg	15,331
Sept. 23, 2024	Upgrade	Dynasty Acquisition Co., Inc.	Aerospace and defense	U.S.	B/Stable	B-/Positive	8,264
Sept. 20, 2024	Downgrade	Foundever Group SA	Media and entertainment	Luxembourg	B+/Negative	BB-/Negative	2,762
Sept. 20, 2024	Upgrade	Nexus Buyer LLC	Consumer products	U.S.	B/Stable	B-/Positive	2,607
Sept. 24, 2024	Upgrade	American Builders & Contractors Supply Co. Inc.	Forest products and building materials	U.S.	BB+/Stable	BB/Positive	2,578
Sept. 20, 2024	Upgrade	Amneal Pharmaceuticals Inc.	Health care	U.S.	B+/Stable	B/Positive	2,544
Sept. 24, 2024	Downgrade	Cuppa Bidco B.V.	Consumer products	Netherlands	CCC+/Stable	B-/Stable	2,533
Sept. 20, 2024	Downgrade	Naked Juice LLC	Consumer products	U.S.	CCC+/Negative	B-/Stable	2,375
Sept. 26, 2024	Upgrade	Glatfelter Corp.	Forest products and building materials	U.S.	B+/Stable	CCC+/Watch Pos	1,585
Sept. 25, 2024	Upgrade	AdaptHealth Corp.	Health care	U.S.	BB-/Stable	B+/Stable	1,450

Data as of Sept. 26, 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. SD--Selective default. D--Default.
Source: S&P Global Ratings Credit Research & Insights.

Table 2

Last week's defaults

Date	Parent company	Country/market	Subsector	To	From	Reason
Sept. 20, 2024	Carestream Dental Technology Parent Ltd.	U.K.	Health care	SD	CCC-	Distressed exchange
Sept. 20, 2024	SK Mohawk Holdings SARL	Germany	Chemicals, packaging, and environmental services	D	CCC	Distressed exchange
Sept. 24, 2024	Tosca Services LLC	U.S.	Chemicals, packaging, and environmental services	SD	CC	Distressed exchange
Sept. 26, 2024	Vertex Energy Inc.	U.S.	Utilities	D	CCC-	Bankruptcy

Data as of Sept. 26, 2024. Excludes local currency defaults. Preliminary data. SD--Selective default. D--Default.
Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

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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 in the 'CCC' rating category.

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.

DR007--Seven-day repurchase rate for depository institutions.

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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