

This Week In Credit

Downgrades Nearly Doubled

This report does not constitute a rating action.

Oct. 7, 2024

Key Takeaways

- Net rating activity turned negative last week, with downgrades nearly doubling from the previous week. Activity was concentrated in the U.S., which accounted for more than two-thirds of rating actions.
- It was a busy week for rating transitions, both negative and positive, with one fallen angel and four rising stars. Two of the new rising stars were from Oman, including the sovereign. The number of rising stars for this year now stands at 26, which is double that of fallen angels.
- All four defaults last week were selective defaults. Three were on U.S.-based issuers, all of which were due to distressed exchanges.

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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
10 ⬆️	11 ⬆️	4 ⬇️	6 ⬇️	4 ⬆️	1 ■	2 ■	4 ■

Industries most at risk			U.S. distress ratio
Net outlook bias Chemicals, packaging, and environmental services -18.3% ⬇️	Potential fallen angels 7 Utilities ⬇️	Weakest links 36 Consumer products ■	4.2% ⬇️

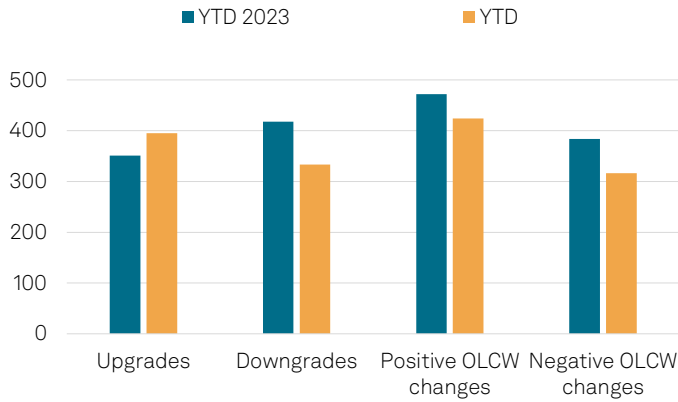
Ratings at a glance					
North America		Europe		Asia-Pacific	
Net outlook bias	-9.1% ⬇️	Net outlook bias	-3.9% ⬇️	Net outlook bias	-0.2% ■
Potential fallen angels ratio	3.8% ■	Potential fallen angels ratio	3.1% ⬇️	Potential fallen angels ratio	2.0% ■
Weakest links ratio	13.2% ⬇️	Weakest links ratio	6.7% ⬇️	Weakest links ratio	5.4% ■

Data as of Oct. 3, 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.

Year To This Week

Chart 1

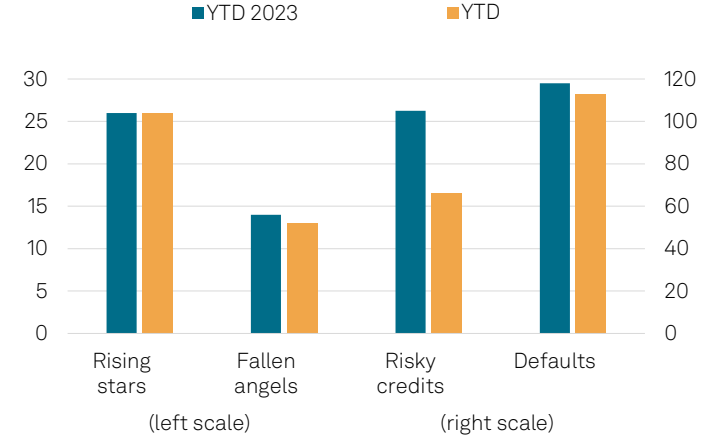
Rating actions Year-to-date total



Data as of Oct. 3, 2024 (2023 data is through Oct. 3). YTD--Year to date. OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

Rating transitions Year-to-date total

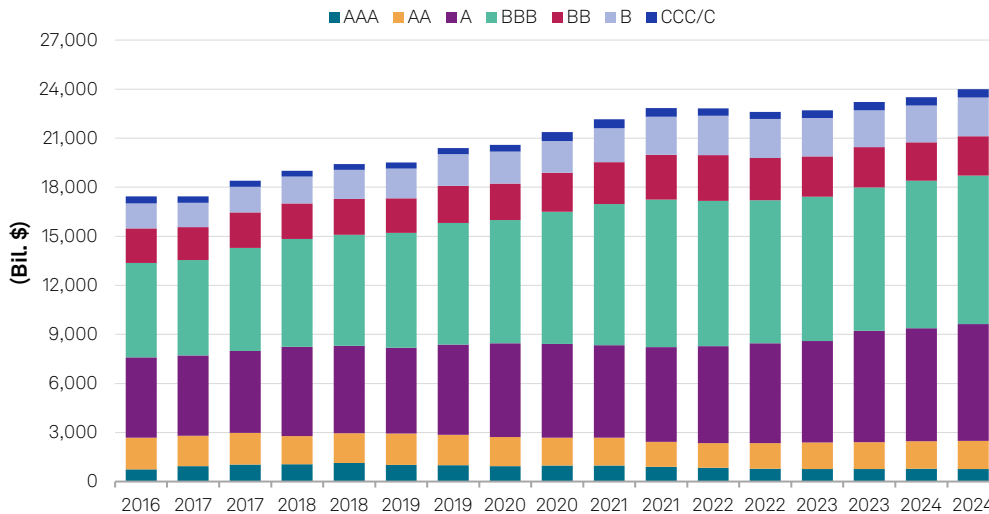


Data as of Oct. 3, 2024 (2023 data is through Oct. 3). YTD--Year to date. Due to a calculation correction, we revised the number of risky credits. Source: S&P Global Ratings Credit Research & Insights.

Chart Of The Week

Chart 3

Global corporate debt increased by 3.3% over the 12 months to July 2024



This chart was first published in "[Credit Trends: Global State Of Play: Strong Issuance Fuels Debt Growth](#)," on October 3, 2024. Includes bonds, notes, loans, and revolving credit facilities that are rated by S&P Global Ratings from financial and nonfinancial issuers. Source: S&P Global Ratings Credit Research & Insights.

Related Research

[Credit Trends: U.S. Corporate Bond Yields As Of Oct. 2, 2024](#), October 3, 2024

[Credit Cycle Indicator Q4 2024: Credit Recovery Prospects Are Mixed Across Markets](#), October 1, 2024

[Credit Trends: Global State Of Play: Strong Issuance Fuels Debt Growth](#), October 3, 2024

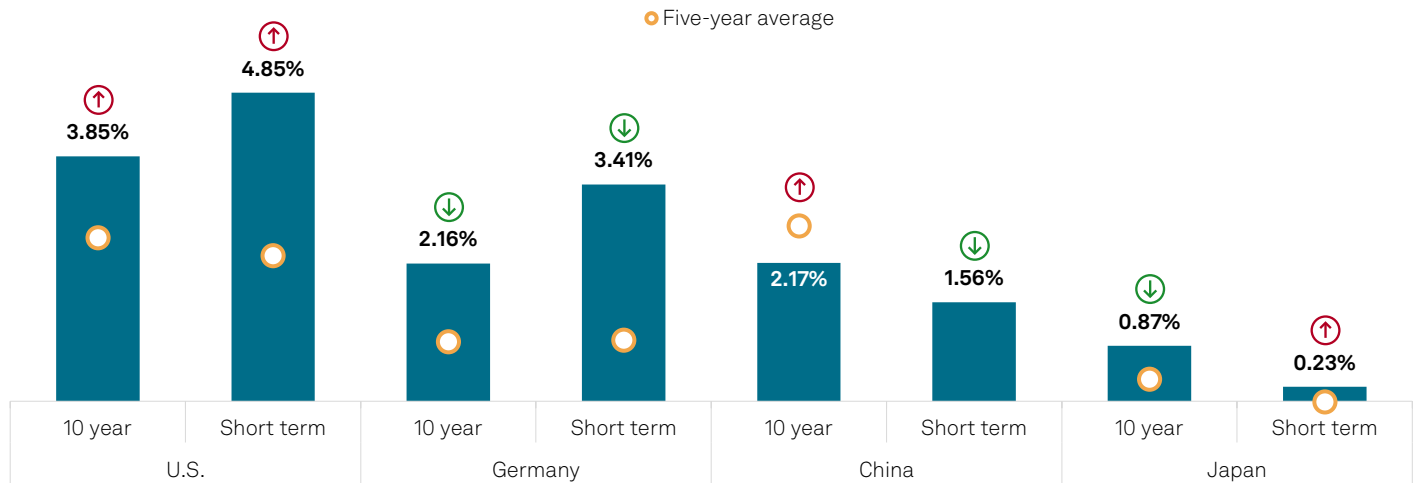
Upcoming Webinars

[Global Credit Conditions Q4 2024: Smooth Sailing, Or Eye Of The Storm? \(APAC Session\)](#), October 10, 2024

Credit Market Conditions

Chart 4

Benchmark yields



Data as of Oct. 3, 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

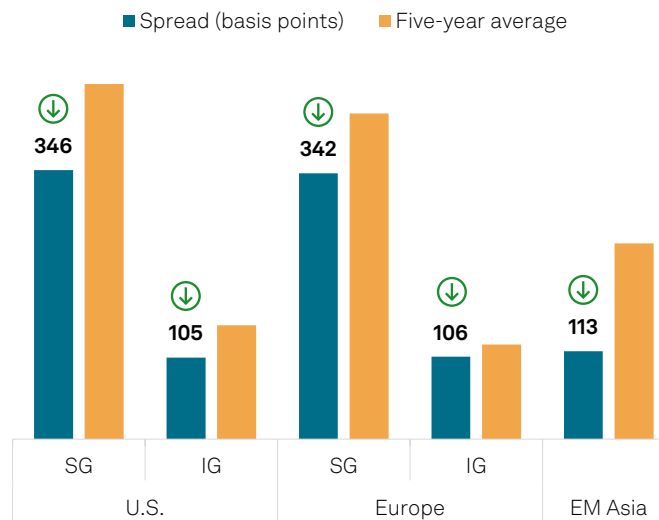
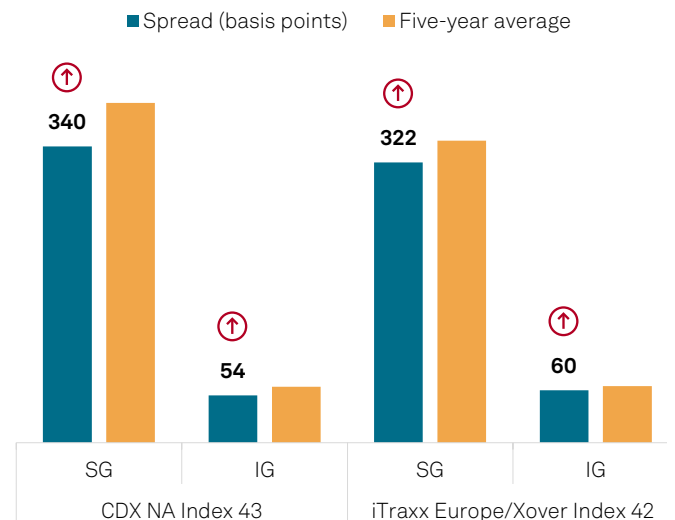


Chart 6

CDS pricing



Data as of Oct. 3, 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.

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Table 1

Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
Oct. 1, 2024	Downgrade	Israel	Sovereign	Israel	A/Negative	A+/Negative	42,635
Oct. 2, 2024	Downgrade	Lumen Technologies Inc.	Telecommunications	U.S.	SD/NM	CC/Negative	31,544
Oct. 1, 2024	Downgrade	DISH Network Corp.	Telecommunications	U.S.	CC/Negative	CCC-/Negative	21,500
Oct. 1, 2024	Upgrade	Vistra Corp.	Utilities	U.S.	BB+/Stable	BB/Positive	17,250
Sep. 27, 2024	Downgrade	Radiate Holdco LLC,	Telecommunications	U.S.	CCC/Negative	CCC+/Negative	9,940
Oct. 1, 2024	Upgrade	Virgin Money UK PLC	Financial institutions	U.K.	BBB/Stable	BBB-/Watch Pos	6,656
Sept. 27, 2024	Upgrade	Oman	Sovereign	Oman	BBB-/Stable	BB+/Positive	5,742
Oct. 1, 2024	Upgrade	Southwestern Energy Co.	Oil and gas	U.S.	BBB-/Stable	BB+/Watch Pos	4,200
Oct. 2, 2024	Upgrade	Epic Crude Services, LP	Utilities	U.S.	BB-/Stable	B/Stable	2,375
Oct. 1, 2024	Upgrade	Chesapeake Energy Corp.	Oil and gas	U.S.	BBB-/Stable	BB/Watch Pos	1,950

Data as of Oct. 3, 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
Oct. 2, 2024	ASP Unifrax Holdings Inc.	U.S.	Capital goods	SD	CCC+	Distressed exchange
Oct. 2, 2024	Lumen Technologies Inc.	U.S.	Telecommunications	SD	CC	Distressed exchange
Oct. 2, 2024	New Constellis Borrower, LLC	U.S.	Aerospace and defense	SD	CCC+	Distressed exchange
Oct. 2, 2024	iQera Group SAS	France	Financial institutions	SD	CCC-	Missed payments

Data as of Oct. 3, 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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