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Investment-Grade Credit Check Q4 2024

Downgrade Lull

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Investment Grade Landscape

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Overview

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The Top Line

Positive momentum in investment-grade rating actions continued in the third quarter of 2024, as the sharp drop in downgrades helped to push the downgrade ratio to its lowest level since the fourth quarter of 2021. There were only nine downgrades in total in the third quarter, and three of these were fallen angels. However, the future may not be so bright, as there was an even balance between positive and negative outlooks and CreditWatch revisions, which suggests that the positive trend may moderate. Chemicals, packaging, and environmental services is the sector with the highest downgrade potential, while oil and gas has the highest upgrade potential.

Key Investment-Grade Takeaways

- Upgrades (led by financial institutions) outnumbered downgrades by over 3 to 1 in the third quarter of 2024, as positive rating actions continued. Similarly, rising stars (eight) continued to outpace fallen angels (three).
- Downgrades declined by over 60% to just nine. While downgrades occurred in North America and Europe, no one sector stood out as the rating actions were split across nine sectors.
- Transportation (+3.3 percentage points) and consumer products (+3.0 percentage points) saw the two largest quarter-on-quarter increases in negative bias in the third quarter.
- High technology (+3.3 percentage points) and chemicals, packaging, and environmental services (+3.3 percentage points) saw the two largest quarterly increases in positive bias.

Quarterly Soundbite: Where have all the downgrades gone?

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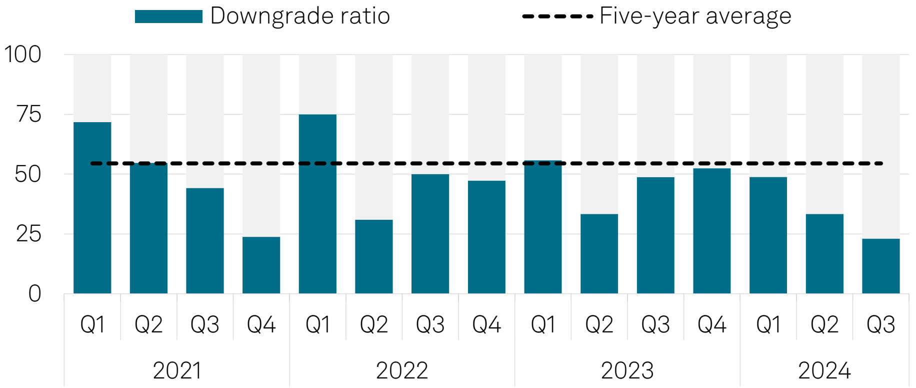
Nine downgrades in the third quarter of 2024 was an all-time quarterly low. This contributed to a drop in the downgrade ratio for the fourth quarter in a row to its lowest level since the fourth quarter of 2021. Maybe unsurprisingly given the low number, there were no discernible sectoral trends, with nine different sectors contributing. This contrasts with previous quarters, when, on average, two to three sectors made up over 50% of downgrades.

The usual suspects failed to feature. Since the first quarter of 2022, consumer products and financial institutions had at least one downgrade. This quarter, both sectors were absent. **Better to take this as a data point rather than a trend for now,** as consumer products saw the second-largest quarterly increase in negative bias.

The lack of sectoral concentration suggests idiosyncratic factors as the main driver of downgrades. This makes sense against a backdrop of relative macroeconomic stability -- we expect around 3.2% global growth for 2024. But the risk of increasing protectionism and a deteriorating geopolitical landscape remain key risks for us, so the record downgrade lull may stand for some time.

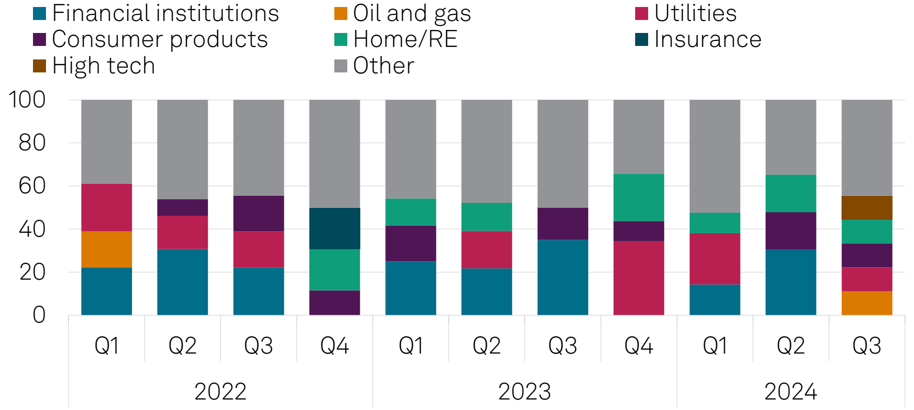
Quarterly downgrade ratio at its lowest level since Q4 2021

Downgrades as proportion of total rating actions (%)



Q3 2024 saw no discernible sectoral trend

Downgrade distribution by sector



Data as of Sept. 30, 2024. Excludes investment-grade sovereign upgrades and downgrades globally. Source: S&P Global Ratings Credit Research & Insights.

Quarterly Ratings Snapshot

Most likely to see downgrades Highest negative biases		Most likely to see upgrades Highest positive biases
BBB- 12.6% (+1.1 ppt)	**Rating category**	BBB- 13.2% (+0.8 ppt)
Latin America 23.2% (+1.8 ppt)	**Region**	EEMEA 18.8% (+8.9 ppt)
Chemicals, packaging, and environmental services 21.7% (+1.3 ppt) Consumer products 13.6% (+3.0 ppt)	**Sectors**	Oil and gas 11.3% (-2.4 ppt) Transportation 9.4% (+0.4 ppt)

Change from previous period

Positive | No change | Negative

Data as of Sept. 30, 2024. Data includes financial and nonfinancial corporates. ppt--Percentage point. EEMEA--Eastern Europe, the Middle East, and Africa.
Source: S&P Global Ratings Credit Research & Insights.

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What To Watch

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■ Positive change ■ No change ■ Negative change

	Highest potential for downgrades		Highest number of issuers with a negative outlook/CreditWatch		Highest potential for upgrades		Highest number of issuers with a positive outlook/CreditWatch	
Issuer count	Rating category	Negative bias	Sector	Region	Rating category	Positive bias	Sector	Region
4	AAA	25.0% →	Health care (1)	U.S. (1)	AAA	0.0% →	-	-
21	AA+	9.5% →	Insurance / Oil and gas (1)	Europe/U.S. (1)	AA+	0.0% →	-	-
22	AA	4.5% ↓	Financial institutions (1)	U.S. (1)	AA	0.0% →	-	-
55	AA-	5.5% ↓	Financial institutions / Insurance / Utilities (1)	Asia-Pacific (2)	AA-	1.8% ↑	Utilities (1)	Europe (1)
117	A+	5.1% ↑	Insurance (2)	Asia-Pacific (3)	A+	1.7% ↑	Financial institutions / Transportation (1)	Europe (2)
196	A	6.1% ↓	Financial institutions (5)	Europe/U.S. (5)	A	5.6% ↑	Insurance (3)	Asia-Pacific / Eastern Europe-Middle East-Africa / Europe (3)
274	A-	10.9% ↑	Financial institutions (8)	Europe (15)	A-	4.7% ↑	Financial institutions (7)	Eastern Europe-Middle East-Africa (5)
366	BBB+	9.3% ↓	Financial institutions (11)	U.S. (17)	BBB+	7.4% ↓	Financial institutions / Insurance (6)	U.S. (14)
416	BBB	12.3% ↑	Financial institutions (12)	U.S. (24)	BBB	4.8% ↑	Financial institutions (5)	U.S. (13)
334	BBB-	12.6% ↑	Financial institutions (8)	U.S. (21)	BBB-	13.2% ↑	Financial institutions (17)	Europe (15)

Data as of Sept. 30, 2024. Data excludes special purpose vehicles and issuers in the diversified sector. Source: S&P Global Ratings.

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Global Macroeconomic Update

Positive change | No change | Negative change

	Forecast					Change				
	23	24	25	26	27	23	24	25	26	27
U.S.	2.5	2.7	1.8	1.9	1.8	0.0	0.2	0.1	0.1	(0.1)
Eurozone	0.5	0.8	1.3	1.4	1.3	(0.1)	0.1	(0.1)	0.0	0.0
Germany	(0.1)	0.2	1.1	1.3	1.1	(0.1)	(0.1)	(0.1)	0.1	0.0
France	1.1	1.1	1.2	1.4	1.3	0.0	0.2	(0.2)	0.1	0.0
Italy	1.0	0.9	1.1	1.1	1.0	0.0	0.0	(0.1)	0.1	0.0
Spain	2.5	2.7	2.1	2.0	2.0	0.0	0.5	0.2	0.0	0.0
U.K.	0.1	1.0	1.3	1.6	1.7	0.0	0.4	0.1	(0.1)	0.0
Asia-Pacific										
China	5.2	4.6	4.3	4.5	4.5	0.0	(0.2)	(0.3)	(0.1)	0.1
Japan	1.7	0.0	1.3	0.9	0.9	(0.1)	(0.7)	0.2	0.0	0.0
India*	8.2	6.8	6.9	7.0	7.0	0.0	0.0	0.0	0.0	0.0
Emerging economies										
Mexico	3.2	1.6	1.5	2.2	2.2	0.0	(0.6)	(0.2)	0.1	0.0
Brazil	2.9	2.8	1.8	2.1	2.2	0.0	0.8	(0.2)	0.0	0.0
South Africa	0.7	0.9	1.5	1.3	1.3	0.1	0.0	0.1	0.0	0.1
World§	3.4	3.2	3.1	3.3	3.3	0.0	(0.1)	(0.1)	0.0	0.0

Data as of Sept. 18, 2024 (provisional). *Fiscal year, beginning April 1 in the reference calendar year. §World GDP is in purchasing power parity terms, based on a sample of 33 countries we cover. Colors indicate percentage point change from prior forecast. Sources: S&P Global Market Intelligence, S&P Global Ratings (forecasts).

Top Global Trends/Risks

- The global policy-rate easing cycle is underway after a 50-basis-point cut by the U.S. Federal Reserve in mid-September, allowing many central banks to follow suit.
- Economies remain resilient, but outcomes are diverging across the main regions. The U.S. is slowing, the eurozone is recovering, and China faces property-related headwinds.
- Global GDP growth remains subdued. We are forecasting 3.2% expansion in 2024 and 3.1% in 2025. The bright spots are economies with strong domestic demand or exposure to the global tech cycle.
- The risks to our baseline include sharply lower labor demand and a spike in bond yields and geopolitical risks, while terminal policy rates remain a key unknown.
- For more on our global macroeconomic expectations, see "Global Economic Outlook Q4 2024: So Far, So Smooth--Can It Last?", published Sept. 26, 2024.

Rating Performance Trends

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Upgrades/Downgrades

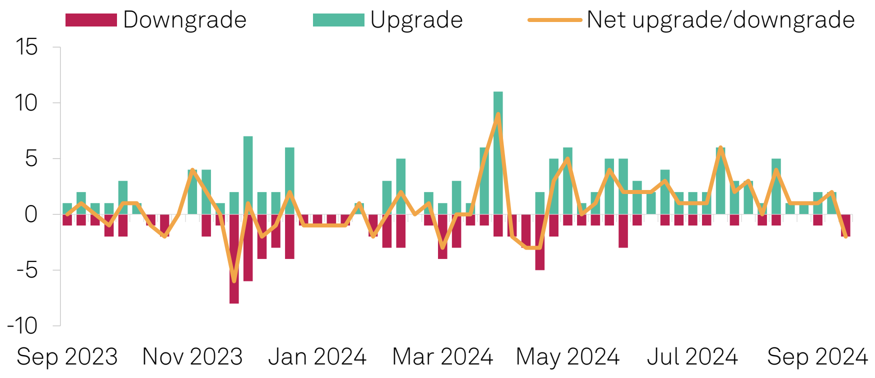
Investment-grade rating actions declined in the third quarter, as upgrades fell by 35% to 30 and downgrades fell by 61% to just nine. This marks the third consecutive quarter where upgrades have exceeded downgrades.

Half of this quarter's upgrades came from just three sectors. Financial institutions led with eight, followed by utilities (four) and insurance (three). We upgraded automotive issuer **Hyundai Motor Co.** (the second-largest upgrade by debt amount) on improved market position and profitability. This led to the upgrades of financial institutions **Hyundai Capital America** and **Hyundai Capital Canada, Inc.**, as they benefit from the strengthening group credit profile. Additionally, three of the four utility upgrades were due to revisions to the separateness and structural insulating measures following **FirstEnergy Corp.'s** sale of a minority interest in subsidiary **FirstEnergy Transmission**.

Fallen angels account for one-third of this quarter's downgrades, which marks the largest proportion since the first quarter of 2022. Additionally, we downgraded **Intel Corp.** for the second time this year.

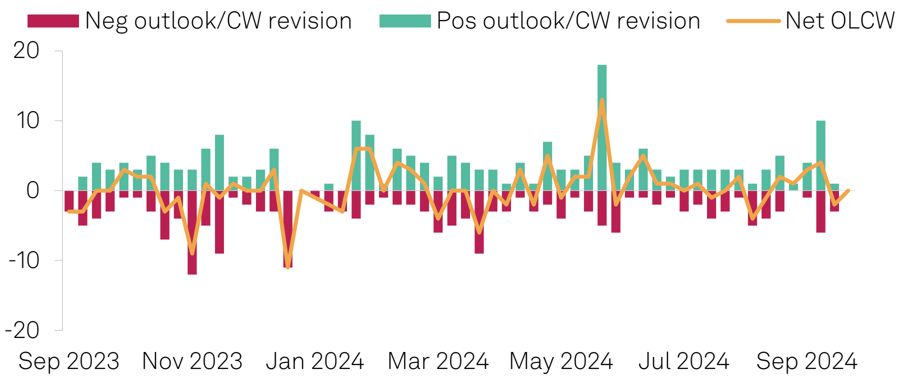
Quarterly downgrades fall to its lowest level all year

Upgrades and downgrades (no.)



Positive outlooks/CreditWatch revisions outpaced negatives

Outlook/CreditWatch revisions (no.)



Data as of Sept. 30, 2024. Excludes investment-grade sovereign upgrades and downgrades globally. CW--CreditWatch. OLCW--Outlook/CreditWatch.
Source: S&P Global Ratings Credit Research & Insights.

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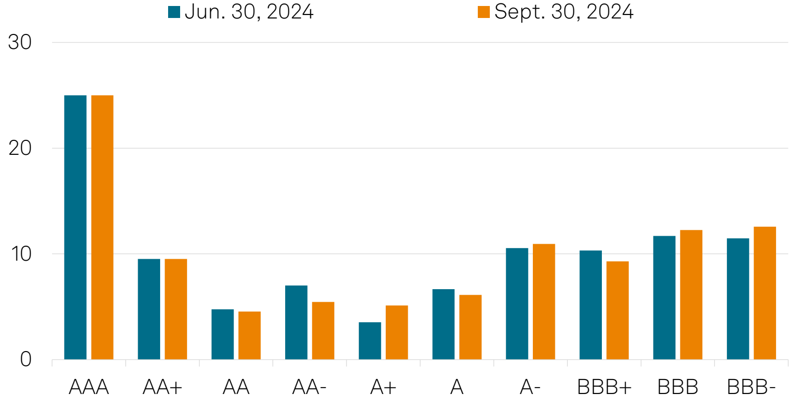
Bias Trends By Region And Rating Level

The quarterly change in negative bias by rating level was mixed. Four levels saw a quarterly increase, with 'A+' seeing the largest change. We placed our ratings on consumer products company **Mars Inc**. on CreditWatch negative on its proposed acquisition of **Kellanova** for about $36 billion. We revised the outlook on home/real estate issuer **Mitsubishi Estate Co. Ltd**. to negative as its volatile real estate-development business accounts for a growing share of its overall profits, which will put downward pressure on its creditworthiness.

Four rating levels (**'AA', 'AA-', 'A', and 'BBB+'**) saw declines in negative bias, with the 'AA-' level seeing the greatest reduction as we downgraded one issuer, **FUJIFILM Holdings Corp.**, on a capital expenditures hike. The 'BBB+' level followed closely, as two issuers were downgraded (**BCE Inc.** and **Quadgas Midco Ltd.**) in addition to stable outlook revisions on six issuers, offset by four revisions to negative.

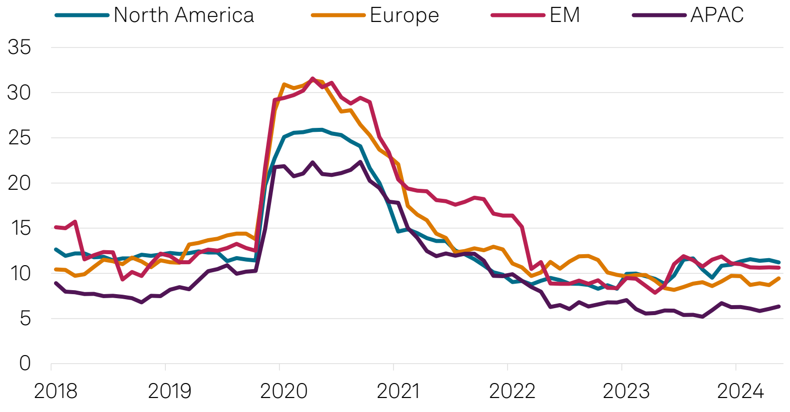
Most regions recorded small changes to negative bias, with North America and the emerging markets recording declines. Europe recorded the biggest increase of 0.7 percentage points to 9.4, **its highest level since June 2023**.

Negative bias mixed across rating levels
Negative bias by rating level (%)



Data as of Sept. 30, 2024. Includes financial and nonfinancial corporates. Financial institutions includes banks and nonbank financial institutions.
Source: S&P Global Ratings Credit Research & Insights.

Europe had largest increase in negative bias in 3Q24
Negative bias by region (%)



Data as of Sept. 30, 2024. Data includes financial and nonfinancial corporates.
Source: S&P Global Ratings Credit Research & Insights.

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Bias Trends By Sector

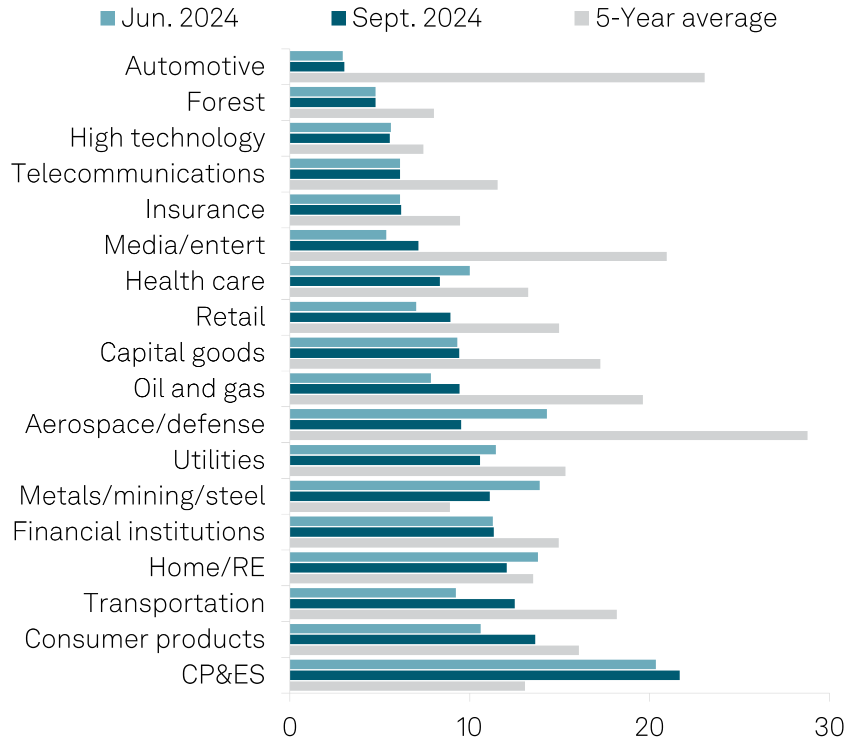
Negative bias | Positive bias

Ten sectors saw an increase in negative bias in the third quarter, led by transportation (+3.3 percentage points). Three issuers had negative outlook revisions, including two European issuers, **Vygruppen AS** and **DSV A/S**, the latter on its acquisition of **Schenker**. The third negative outlook revision was on U.S.-based **Southwest Airlines Co.,** due to earnings pressure. Consumer products followed closely, with an increase of 3 percentage points. Six issuers were revised to negative outlooks, while two were revised stable. One addition was at the 'BBB-' level, **Universal Corp.** which saw a negative outlook revision reflecting the company's heightened leverage and the risk that volatility in its tobacco segment may weaken its profitability profile.

Six sectors saw a decline in negative bias, led by aerospace and defense (-4.8 percentage points). We revised the outlook on defense contractor **L3Harris Technologies Inc.** to stable, reflecting our expectation that its credit ratios will conform to our expected levels for the current rating by year-end.

Chemicals, packaging, and environmental services has the highest negative bias (21.7%). Consumer products (13.6%) and transportation (12.5%) follow.

Two sectors have neg. bias above the five-year average
Investment-grade negative bias (%)



Data as of Sept. 30, 2024. Includes financial and nonfinancial corporates. Financial institutions includes banks and nonbanking financial institutions.
Source: S&P Global Ratings Credit Research & Insights.

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Bias Trends By Sector

Negative bias | **Positive bias**

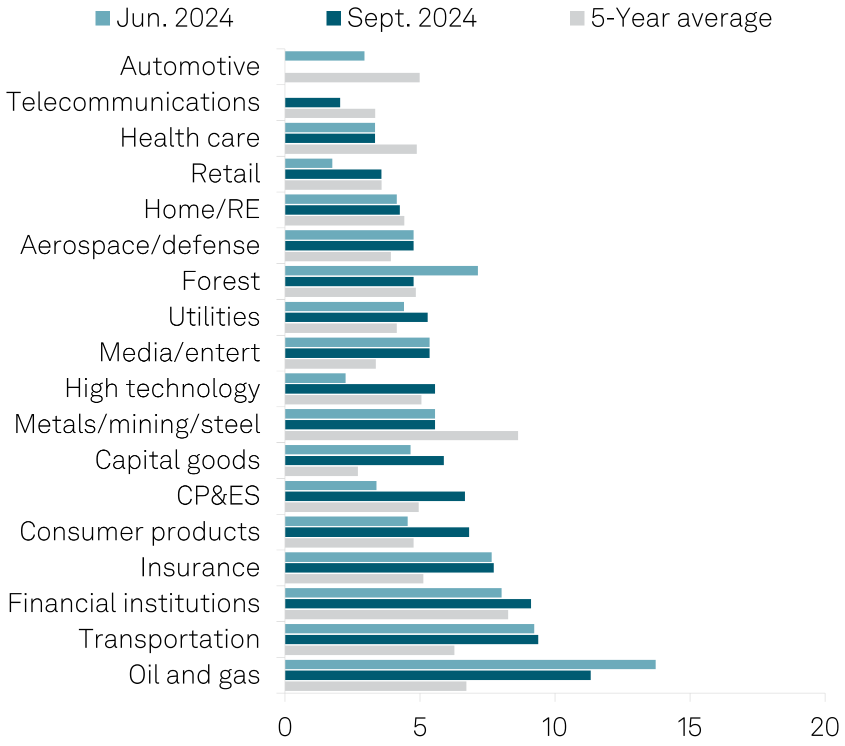
Positive bias trends were largely positive in the third quarter, as over half the sectors saw an improvement, with just three issuers recording a decline. The largest decline in positive bias was in the automotive sector, as we upgraded **Hyundai Motor Co.** Oil and gas and forest products followed closely, with a reduction of 2.4 percentage points each. We upgraded oil and gas issuer **Diamondback Energy Inc.** following its acquisition of **Endeavor Energy Resources L.P.**

Of the 11 sectors that saw an increase in positive bias, chemicals, packaging, and environmental services and high technology saw the greatest increase (3.3 percentage points each). Three high tech issuers saw positive outlook revisions--two U.S.-based issuers, **Uber Technologies Inc.** and **Analog Devices Inc.,** as well as one Asia-Pacific-based issuer, **Xiaomi Corp**.

Despite its decline, oil and gas remains the sector with the highest upgrade potential, followed by transportation and financial institutions.

CP&ES saw the largest increase in positive bias

Investment-grade positive bias (%)



Data as of Sept. 30, 2024. Includes financial and nonfinancial corporates. Financial institutions includes banks and nonbanking financial institutions.
Source: S&P Global Ratings Credit Research & Insights.

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Debt Outstanding Trends

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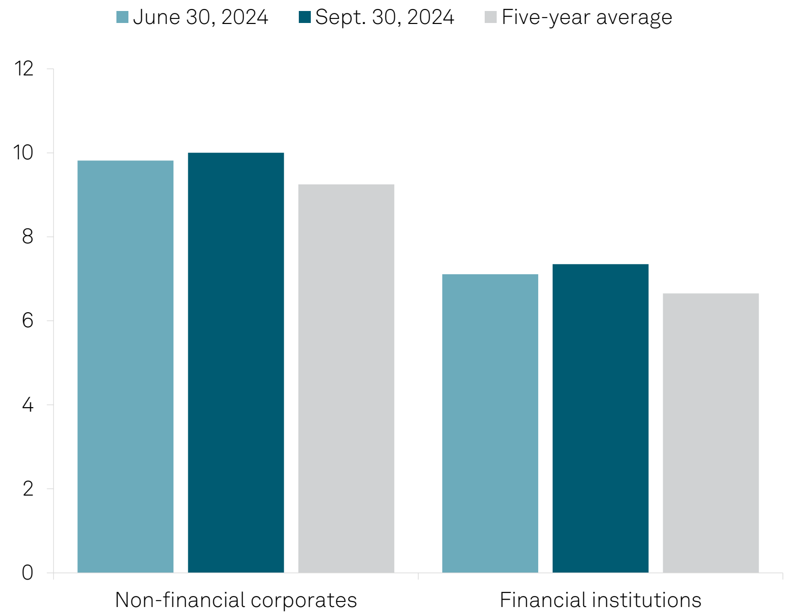
Aggregate debt outstanding at financial and nonfinancial corporates increased in the third quarter of 2024 versus the second quarter by 3.4% and 1.9%, respectively. We can largely attribute this to issuance, which in the year to date has exceeded 2023 supply.

Eight rising stars added $27 billion of rated debt to investment-grade debt outstanding in the third quarter. This was largely offset by the three fallen angels, with rated debt affected totalling about $25 billion.

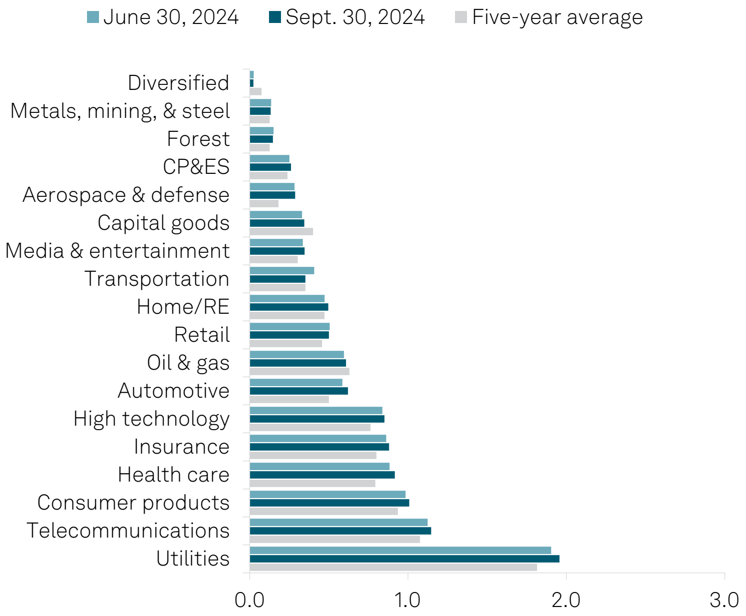
On a sector basis, automotives saw the largest increase in outstanding debt in the third quarter (up 6% versus the second quarter). This is largely due to increased issuance and the upgrade of **Tata Motors Ltd. (Tata Sons Pte. Ltd.)** to investment grade, which accounted for $5 billion of the increase.

Aggregate debt outstanding increased over Q3 2024

Debt outstanding by sector (tril. $)



Debt by sector (tril. $)



Data as of Sept. 30, 2024. Includes financial, and nonfinancial corporate issuers. Source: S&P Global Ratings Credit Research & Insights.

Fallen Angels/Rising Stars

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Overview | Fallen Angels | Rising Stars

Rising stars outpaced fallen angels by **eight to three in the third quarter of 2024.**

Oil and gas led the rising stars, with two. We upgraded **Harbour Energy PLC** after the completion of its acquisition, while we upgraded **Energy Development Oman SAOC** due to a similar action on its sovereign, Oman.

By rated debt volume, U.S.-based independent natural gas producer Equitrans Midstream Corp. led the rising stars following the closing of its acquisition by EQT. We expect a significant ramp-up in merger and acquisition volume in upstream exploration and production due to concerns about medium- to longer-term reserve replacement, productivity, and the need for scale.

Although rising stars have almost doubled fallen angels so far this year, the upward momentum may be fading. The number of potential rising stars has decreased by 13% this quarter, while the number of potential fallen angels has increased by nearly 20%.

This quarter's potential fallen angel additions were spread across six different sectors. Overall, regulated utilities and banks in the U.S., Canada, and Europe lead the potential fallen angels.

Fallen Angels/Rising Stars

Overview | **Fallen Angels** | Rising Stars

Date	Issuer	To	From	Sector/subsector	Country	Rated debt affected (mil. $)
26/02/2024	Braskem S.A. (Odebrecht S.A.)	BB+	BBB-	Chemicals, packaging and environmental services	Brazil	6,200
11/03/2024	ELO	BB+	BBB-	Retail/restaurants	France	5,014
13/03/2024	New Immo Holding S.A. (ELO)	BB+	BBB-	Homebuilders/real estate co.	France	328
27/03/2024	Paramount Global	BB+	BBB-	Media and entertainment	U.S.	18,379
10/04/2024	China Vanke Co. Ltd.	BB+	BBB+	Homebuilders/real estate co.	China	2,593
12/04/2024	Longfor Group Holdings Ltd.	BB+	BBB-	Homebuilders/real estate co.	Cayman Islands	1,500
25/04/2024	Asplundh Tree Expert, LLC	BB+	BBB-	Consumer products	U.S.	2,995
26/04/2024	Intercorp Financial Services Inc. (Intercorp Peru Ltd.)	BB+	BBB-	Financial institutions	Peru	1,600
31/05/2024	CPI Property Group S.A.	BB+	BBB-	Homebuilders/real estate co.	Luxembourg	6,299
19/07/2024	Walgreens Boots Alliance, Inc	BB	BBB-	Retail/restaurants	U.S.	9,710
01/08/2024	D.V.I. Deutsche Vermogens- und Immobilienverwaltungs GmbH	BB+	BBB-	Homebuilders/real estate co.	Germany	378
23/09/2024	Belron Group S.A.	BB-	BBB-	Media and entertainment	Luxembourg	15,331

Data as of Sept. 30, 2024. Fallen angels are defined as investment-grade issuers currently with bonds outstanding that have been downgraded into speculative grade (i.e., from 'BBB-' or above, to 'BB+' or below). Includes all rated issuers with valid outstanding debt at the time of the rating action. Valid debt includes issuer-level debt (both secured and unsecured), bank loans, subordinated debt, medium term notes (MTN), preferred stock, convertible debt, and drawdowns under MTN programs and excludes commercial paper programs, shelf registrations, certificates of deposit, and debt rated on a confidential basis. This debt may be rated above or below the issuer credit rating. Moreover, if a subsidiary's parent is itself a fallen angel, only the parent is counted. Excludes sovereigns. Source: S&P Global Ratings Credit Research & Insights.

Fallen Angels/Rising Stars

Overview | Fallen Angels | **Rising Stars**

Date	Issuer	To	From	Sector/subsector	Country	Rated debt affected (mil. $)
05/01/2024	NASCAR Holdings, LLC	BBB	BB+	Media and entertainment	U.S.	1,410
08/01/2024	MGIC Investment Corp.	BBB-	BB+	Insurance	U.S.	650
08/01/2024	Radian Group Inc.	BBB-	BB+	Insurance	U.S.	1,425
22/02/2024	Iccrea Banca SpA	BBB-	BB+	Financial institutions	Italy	2,986
05/03/2024	Cellnex Telecom S.A.	BBB-	BB+	Telecommunications	Spain	10,408
06/03/2024	Enlink Midstream, LLC	BBB-	BB+	Utilities	U.S.	6,228
07/03/2024	TechnipFMC Plc	BBB-	BB+	Oil and gas	U.K.	1,245
13/03/2024	CEMEX S.A.B. de C.V.	BBB-	BB+	Forest products and building materials	Mexico	5,187
14/03/2024	Rolls-Royce PLC (Rolls-Royce Holdings PLC)	BBB-	BB+	Aerospace and defense	U.K.	5,196
29/03/2024	Ali Holding S.R.L.	BBB-	BB+	Capital goods	Italy	2,250
06/05/2024	Videotron Ltee (Quebecor Inc.)	BBB-	BB+	Telecommunications	Canada	3,875
13/05/2024	Freeport-McMoRan Inc.	BBB-	BB+	Metals, mining and steel	U.S.	7,462
15/05/2024	Antero Resources Corp.	BBB-	BB+	Oil and gas	U.S.	9,300
27/05/2024	Empresa Nacional del Petroleo	BBB-	BB+	Utilities	Chile	2,440
05/06/2024	Masonite International Corp. (Owens Corning)	BBB	BB+	Forest products and building materials	Canada	875
29/07/2024	Equitrans Midstream Corp.	BBB-	BB-	Utilities	U.S.	6,500
13/08/2024	Warner Music Group Corp.	BBB-	BB+	Media and entertainment	U.S.	4,156
16/08/2024	Uber Technologies, Inc.	BBB-	BB+	High technology	U.S.	7,211
20/08/2024	Tata Motors Ltd. (Tata Sons Pte. Ltd.)	BBB	BB+	Automotive	India	5,023
29/08/2024	Port of Newcastle Investments (Financing) Pty Ltd	BBB-	BB+	Transportation	Australia	300
05/09/2024	Harbour Energy plc	BBB-	BB	Oil and gas	U.K.	500
09/09/2024	Macquarie AirFinance Holdings Ltd. (Macquarie Group Ltd.)	BBB-	BB+	Financial institutions	U.K.	2,000
30/09/2024	Energy Development Oman SAOC	BBB-	BB+	Oil and gas	Oman	1,750

Data as of Sept. 30, 2024. Rising stars are defined as speculative-grade issuers currently with bonds outstanding that have been upgraded into investment grade (i.e., from 'BB+' and below, to 'BBB-' and above). Includes all rated issuers with valid outstanding debt at the time of the rating action. Valid debt includes issuer-level debt (both secured and unsecured), bank loans, subordinated debt, medium term notes (MTN), preferred stock, convertible debt, and drawdowns under MTN programs and excludes commercial paper programs, shelf registrations, certificates of deposit, and debt rated on a confidential basis. This debt may be rated above or below the issuer credit rating. Moreover, if a subsidiary's parent is itself a rising star, only the parent is counted. Excludes sovereigns. Source: S&P Global Ratings Credit Research & Insights.

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Transition Matrices

3-month | 12-month | 3-month (2008-09) | 12-month (2008-09)

3-month corporate transition rates (%)

Positive change in transition rate, quarter on quarter
Negative change in transition rate, quarter on quarter

	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+
AAA	**100.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA+	0.0	**100.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA	0.0	0.0	**97.1**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA-	0.0	0.0	2.6	**96.8**	0.6	0.0	0.0	0.0	0.0	0.0	0.0
A+	0.0	0.0	0.0	0.8	**98.7**	0.3	0.0	0.0	0.0	0.0	0.0
A	0.0	0.0	0.0	0.0	2.0	**97.4**	0.4	0.0	0.0	0.0	0.0
A-	0.0	0.0	0.0	0.0	0.0	1.4	**98.4**	0.2	0.0	0.0	0.0
BBB+	0.0	0.0	0.0	0.0	0.0	0.2	1.2	**96.8**	0.5	0.0	0.0
BBB	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.0	**97.6**	0.4	0.0
BBB-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	**95.6**	0.2
BB+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	1.3	**95.5**

Transition rates compare issuer credit ratings at the beginning of a period with the ratings at the end of the period. Three-month and 12-month corporate transition rates ending Sept. 30, 2024. In order to compare current transition rates to previous periods of stress, we show transition rates for the Great Financial Crisis period. For both three-month and 12-month corporate transition rates during the GFC, we determined the month with the highest investment-grade downgrade ratio (downgrades/total rating actions)--therefore, the three-month and 12-month corporate transition rates for the period ending March 2009. Sources: S&P Global Market Intelligence's CreditPro® and S&P Global Ratings Credit Research & Insights.

S&P Global Ratings

Transition Matrices

3-month | **12-month** | 3-month (2008-09) | 12-month (2008-09)

12-month corporate transition rates (%)

Positive change in transition rate, quarter on quarter
Negative change in transition rate, quarter on quarter

	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+
AAA	**100.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA+	0.0	**96.6**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA	0.0	1.4	**91.7**	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA-	0.0	0.0	2.7	**92.6**	2.7	0.7	0.0	0.0	0.0	0.0	0.0
A+	0.0	0.0	0.0	2.6	**92.0**	3.1	0.3	0.0	0.0	0.0	0.0
A	0.0	0.0	0.0	0.0	6.4	**87.1**	4.7	0.4	0.0	0.0	0.0
A-	0.0	0.0	0.0	0.0	0.2	7.3	**86.9**	3.8	0.2	0.0	0.0
BBB+	0.0	0.0	0.0	0.0	0.0	0.3	6.5	**85.5**	3.7	0.3	0.0
BBB	0.0	0.0	0.0	0.0	0.0	0.0	0.4	8.8	**82.8**	4.2	0.0
BBB-	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.4	9.6	**81.1**	2.9
BB+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	10.0	**79.5**

Transition rates compare issuer credit ratings at the beginning of a period with the ratings at the end of the period. Three-month and 12-month corporate transition rates ending Sept. 30, 2024. In order to compare current transition rates to previous periods of stress, we show transition rates for the Great Financial Crisis period. For both three-month and 12-month corporate transition rates during the GFC, we determined the month with the highest investment-grade downgrade ratio (downgrades/total rating actions)--therefore, the three-month and 12-month corporate transition rates for the period ending March 2009. Sources: S&P Global Market Intelligence's CreditPro® and S&P Global Ratings Credit Research & Insights.

Transition Matrices

S&P Global Ratings

3-month | 12-month | **3-month (2008-09)** | 12-month (2008-09)

3-month corporate transition rates during the Great Financial Crisis (%)

	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+
AAA	**78.1**	6.1	0.0	1.2	1.2	2.4	0.0	1.2	0.0	0.0	0.0
AA+	0.0	**35.9**	28.3	3.8	26.4	0.0	1.9	0.0	0.0	0.0	0.0
AA	0.0	4.6	**50.7**	21.0	13.7	3.7	2.3	0.0	0.5	0.5	0.0
AA-	0.0	0.0	2.3	**60.2**	18.9	10.2	0.0	0.8	0.0	0.0	0.4
A+	0.0	0.0	0.3	3.8	**64.1**	16.3	5.6	1.3	1.3	0.0	0.6
A	0.0	0.0	0.2	0.4	4.0	**71.9**	11.8	1.7	1.3	0.2	0.0
A-	0.0	0.0	0.0	0.0	0.0	6.2	**75.9**	8.6	2.2	1.0	0.2
BBB+	0.0	0.0	0.0	0.0	0.4	0.6	7.1	**68.6**	13.8	2.5	0.0
BBB	0.0	0.0	0.0	0.0	0.0	0.4	0.0	4.8	**75.1**	8.8	2.0
BBB-	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	7.1	**69.9**	7.6
BB+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	10.2	**60.9**

Transition rates compare issuer credit ratings at the beginning of a period with the ratings at the end of the period. The transition tables above can be read from left to right and show us the percentage of issuers that transitioned from the rating shown on the left, to the rating shown on the top. Three-month and 12-month corporate transition rates ending March 2024. To compare current transition rates to previous periods of stress, we show transition rates for the Global Financial Crisis period. For both three-month and 12-month corporate transition rates during the GFC, we determined the month with the highest investment-grade downgrade ratio (downgrades/total rating actions)--therefore, the three-month and 12-month corporate transition rates for the period ending March 2009. Sources: S&P Global Market Intelligence's CreditPro® and S&P Global Ratings Credit Research & Insights.

3-month | 12-month | 3-month (2008-09) | **12-month (2008-09)**

12-month corporate transition rates during the Great Financial Crisis (%)

	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+
AAA	**83.8**	5.4	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA+	0.0	**54.1**	37.8	5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA	0.0	0.5	**56.5**	22.0	11.5	0.5	0.5	0.0	0.0	1.0	0.5
AA-	0.0	0.0	2.3	**59.3**	24.9	5.3	0.8	1.1	0.0	0.0	0.0
A+	0.0	0.3	0.3	0.9	**67.1**	18.0	2.4	2.1	0.9	0.9	0.0
A	0.0	0.0	0.0	0.2	2.5	**69.9**	16.2	1.9	1.7	0.0	0.2
A-	0.0	0.0	0.0	0.0	0.0	3.7	**73.0**	11.2	2.6	1.7	0.6
BBB+	0.0	0.0	0.0	0.0	0.0	0.2	4.5	**66.9**	16.9	2.2	1.2
BBB	0.0	0.0	0.0	0.0	0.0	0.4	0.6	3.1	**74.7**	9.3	3.5
BBB-	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.5	5.8	**67.7**	7.6
BB+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	7.8	**56.5**

Transition rates compare issuer credit ratings at the beginning of a period with the ratings at the end of the period. The transition tables above can be read from left to right and show us the percentage of issuers that transitioned from the rating shown on the left, to the rating shown on the top. Three-month and 12-month corporate transition rates ending March 2024. To compare current transition rates to previous periods of stress, we show transition rates for the Global Financial Crisis period. For both three-month and 12-month corporate transition rates during the GFC, we determined the month with the highest investment-grade downgrade ratio (downgrades/total rating actions)--therefore, the three-month and 12-month corporate transition rates for the period ending March 2009. Sources: S&P Global Market Intelligence's CreditPro® and S&P Global Ratings Credit Research & Insights.

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Credit Pricing Themes

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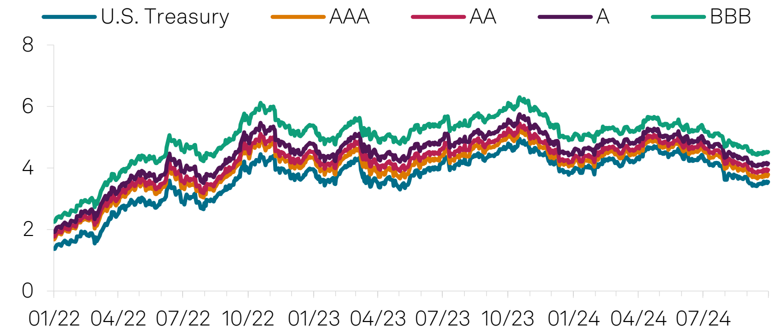
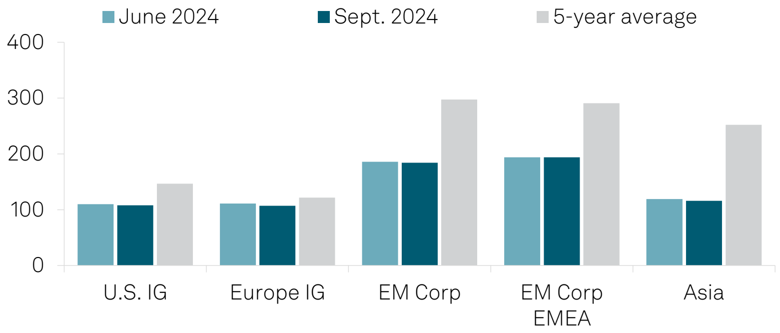
Market Benchmarks

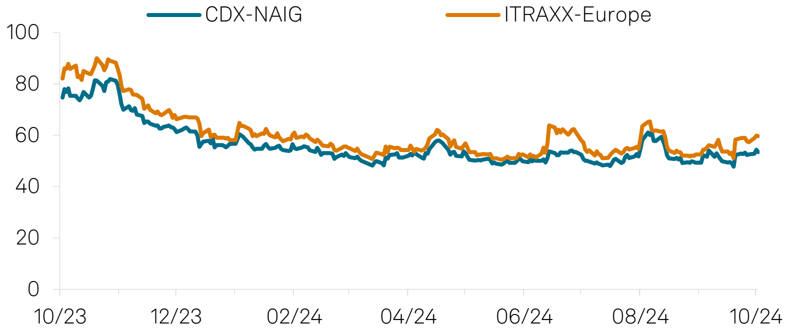
IG U.S. bond yields ~80 bps tighter in Q3 vs Q2
Corporate yields (%)



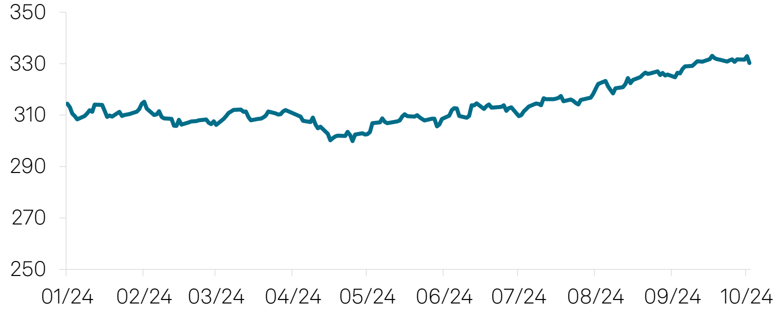
IG spreads end Q3 marginally tighter*
Regional secondary market spreads (bps)



CDX and ITRAXX Europe finish Q3 1% and 4% lower
CDX-NAIG 5 Y and ITRAXX-Europe 5 Y (bps)



iBoxx USD Liquid IG ends Q3 6% above Q2
iBoxx USD Liquid IG (total return index level)



Data as of Sept. 30, 2024. Sources: S&P Global Market Intelligence, S&P Dow Jones Indices, S&P Global Ratings Credit Research & Insights.*ICE Benchmark Administration Ltd. (IBA); "ICE BofAML Asia Emerging Markets Corporate Plus Sub-Index Option-Adjusted Spread" and "ICE BofAML Europe, the Middle East, and Africa (EMEA) Emerging Markets Corporate Plus Sub-Index Option-Adjusted Spread," retrieved from Federal Reserve Economic Data (FRED); "U.S. IG and SG Spreads" from S&P Global Ratings; and "Europe IG Spreads" from S&P Dow Jones Indices.

S&P Global Ratings

Glossary

S&P Global Ratings

Negative bias--Percentage of issuers with negative outlooks or ratings on CreditWatch negative.

OLCW--Outlooks and CreditWatch placements.

Positive bias--Percentage of issuers with positive outlooks or ratings on CreditWatch positive.

Potential downgrade--An issuer rated by S&P Global Ratings with a negative outlook or on CreditWatch negative.

Potential upgrade--An issuer rated by S&P Global Ratings with a positive outlook or on CreditWatch positive.

Potential fallen angels--Issuers rated 'BBB-' on either negative outlook or CreditWatch negative.

Potential rising stars--Issuers rated 'BB+' on either positive outlook or CreditWatch positive.

Rising stars--Issuers upgraded to investment grade from speculative grade.

Fallen angels--Issuers downgraded to speculative grade from investment grade.

Related Research

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- Credit Trends: Global Refinancing: Reductions In Near-Term Maturities Continue Ahead Of Further Rate Cuts, Oct 23, 2024
- Credit Trends: Global Financing Conditions: Blockbuster Growth In 2024 With Tailwinds Heading Into 2025, Oct 23, 2024
- Credit Trends: ESG In Credit Ratings Q3 2024: Negative Actions Outweigh Positive By Four To One, Oct 21, 2024
- This Week In Credit: Twice As Many Downgrades Than Upgrades (Oct. 21, 2024), Oct 21, 2024
- Credit Trends: Floating-Rate Debt Is Still A Cause For Concern Despite Rate Reductions, Oct 17, 2024
- Default, Transition, and Recovery: The Pace Of Global Corporate Defaults Slows, Oct 16, 2024
- CreditWeek: What Are The Credit Risks Of The Escalating And Expanding Middle East Conflict?, Oct 10, 2024
- Ratings Performance Insights Q3 2024: On A Hot Streak, Oct 10, 2024
- Credit Trends: Global State Of Play: Strong Issuance Fuels Debt Growth, Oct 2, 2024
- Global Credit Conditions Q4 2024: Policy Rates Easing, Conflicts Simmering, Oct 1, 2024
- This Month In Credit: Positive Momentum Requires Close Inspection (September 2024), Sept 26, 2024

Please find comprehensive lists of all upgrades and downgrades among corporates rated investment grade by S&P Global Ratings in our Data Companion.

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