

# This Week In Credit

## A Negative Tilt

This report does not constitute a rating action.

Nov. 11, 2024

### Key Takeaways

- The number of upgrades and downgrades picked up last week. Total rating actions, including outlook revisions and CreditWatch placements, were net negative due to fewer outlook revisions to positive.
- Downgrades were exclusively among speculative-grade issuers, and half of them are risky credits (those rated 'CCC+' or below), including one new addition.
- On the bright side, there were two rising stars, Stericycle Inc. and AppLovin Corporation, last week--and no fallen angels--bringing this year's rising star count to more than double that of fallen angels.
- Last week's three defaults were all by U.S.-based issuers, raising this year's tally to 126.

### 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
8	6	6	14	2	0	1	3

Industries most at risk			U.S. distress ratio
<b>Net outlook bias</b> Chemicals, packaging, and environmental services <b>-20.0%</b>	<b>Potential fallen angels</b> 6 Utilities	<b>Weakest links</b> 38 Consumer products	<b>3.9%</b>

Ratings at a glance					
North America		Europe		Asia-Pacific	
Net outlook bias	<b>-8.9%</b>	Net outlook bias	<b>-4.1%</b>	Net outlook bias	<b>-0.4%</b>
Potential fallen angels ratio	<b>3.9%</b>	Potential fallen angels ratio	<b>3.1%</b>	Potential fallen angels ratio	<b>1.5%</b>
Weakest links ratio	<b>12.6%</b>	Weakest links ratio	<b>7.3%</b>	Weakest links ratio	<b>5.5%</b>

Data as of Nov. 7, 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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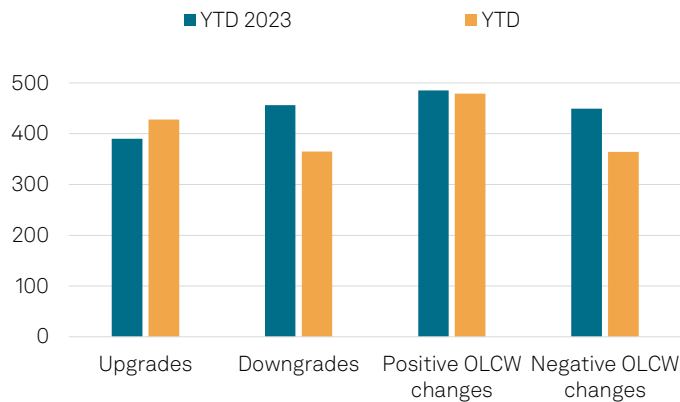
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## Year To This Week

Chart 1

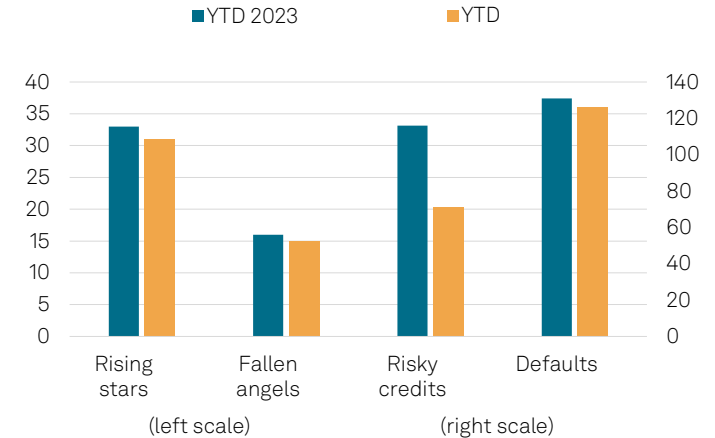
### Rating actions Year-to-date total



Data as of Nov. 7, 2024 (2023 data is through Nov. 7). YTD--Year to date. OLCW--Outlook/CreditWatch. Source: S&P Global Ratings Credit Research & Insights.

Chart 2

### Rating transitions Year-to-date total



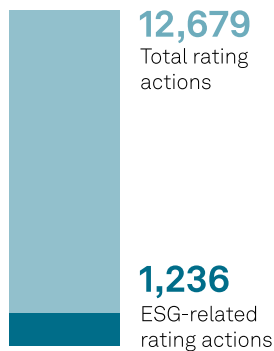
Data as of Nov. 7, 2024 (2023 data is through Nov. 7). YTD--Year to date. Due to a calculation correction, we revised the number of risky credits. Source: S&P Global Ratings Credit Research & Insights.

## Chart Of The Week

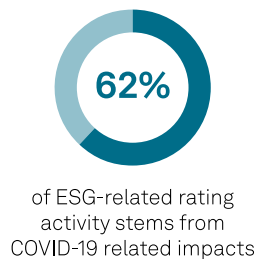
Chart 3

### Takeaways from a deep dive into U.S. public finance ESG-related rating actions

#### U.S. Public Finance rating activity

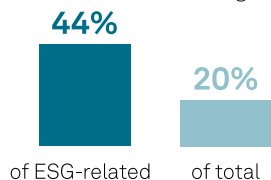


#### ESG-related rating activity

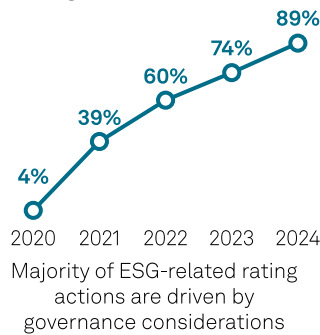


#### Credit severity

U.S. Public Finance two or more notch downgrades



#### Looking ahead



**20%**

of ESG-related rating actions (excl. COVID-19) were driven by physical risks

### Related Research

[U.S. Corporate Bond Yields As Of Nov. 6, 2024](#), Nov. 7, 2024

[U.S. Elections 2024: How Could A Second Trump Term Affect U.S. Credit?](#), Nov. 7, 2024

[ESG In Credit Ratings Deep Dive: Governance Factors Underpin A Rising Share Of Actions In U.S. Public Finance](#), Nov. 4, 2024

### Upcoming Webinars

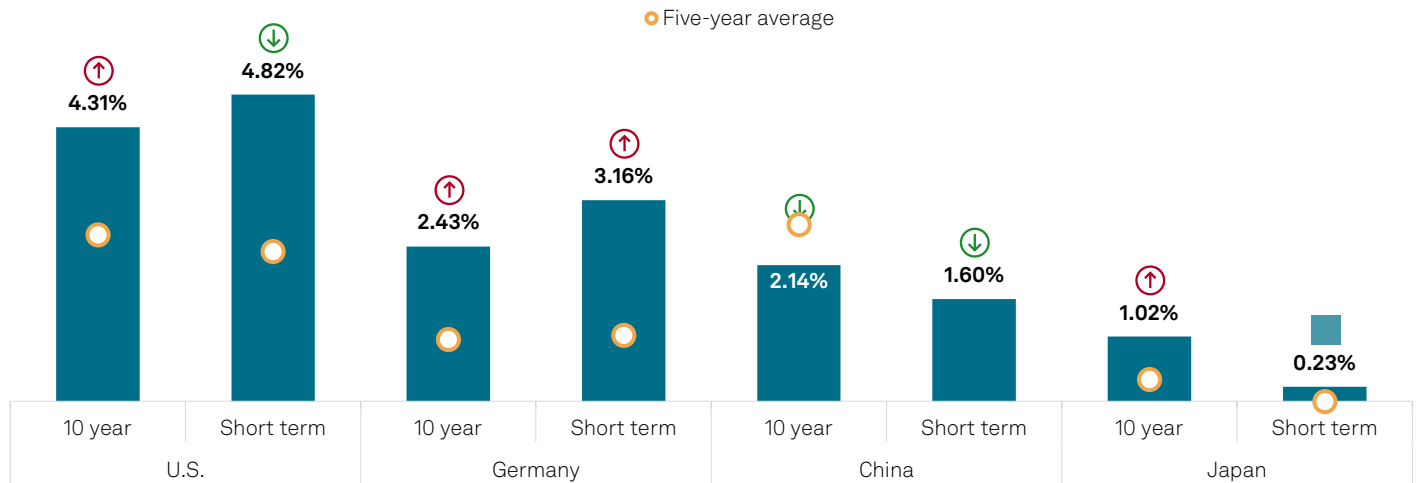
[Asia-Pacific Credit Outlook 2025 Virtual Conference](#), Nov. 13, 2024

This chart was first published in [ESG In Credit Ratings Deep Dive: Governance Factors Underpin A Rising Share Of Actions In U.S. Public Finance](#), on Nov. 4, 2024. ESG-related rating actions are those where ESG credit factors were a key driver of the decision to change a credit rating, outlook, or CreditWatch status. S&P Global Ratings considers ESG credit factors to be those ESG factors that may influence the capacity and willingness of an issuer to meet its financial commitments. Rating actions include changes in ratings, CreditWatch placements, and outlooks, between April 1, 2020, and Sept. 30, 2024. ESG--Environmental, social, and governance. Source: S&P Global Ratings.

## Credit Market Conditions

Chart 4

### Benchmark yields



Data as of Nov. 7, 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

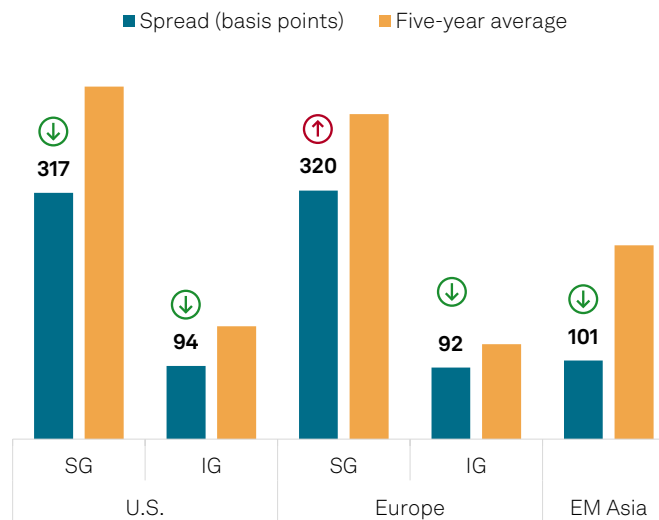
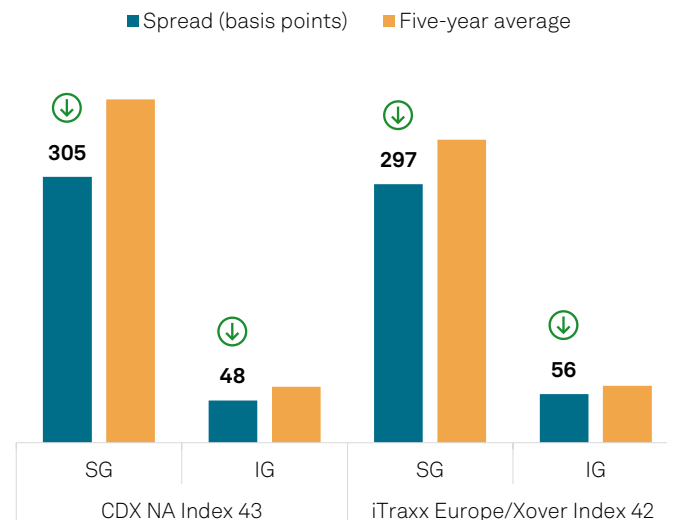


Chart 6

### CDS pricing



Data as of Nov. 7, 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: A Negative Tilt

Table 1

### Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
Nov. 1, 2024	Downgrade	Icahn Enterprises L.P.	Financial institutions	U.S.	BB-/Stable	BB/Stable	7,865
Nov. 7, 2024	Downgrade	Veritas Holdings Ltd.	High technology	Bermuda	CC/Negative	CCC+/Negative	7,350
Nov. 7, 2024	Upgrade	AppLovin Corp.	Media and entertainment	U.S.	BBB-/Positive	BB+/Stable	7,200
Nov. 5, 2024	Upgrade	Barbados	Sovereign	Barbados	B/Positive	B-/Positive	4,228
Nov. 4, 2024	Downgrade	CMG Media Corporation	Media and entertainment	U.S.	SD/--	CC/Negative	3,169
Nov. 7, 2024	Upgrade	Encompass Health Corp.	Health care	U.S.	BB/Stable	BB-/Stable	2,300
Nov. 4, 2024	Downgrade	Pearls (Netherlands) Bidco B.V.	Chemicals, packaging and environmental services	Netherlands	B/Stable	B+/Stable	1,637
Nov. 5, 2024	Upgrade	VTR Finance NV	Telecommunications	Netherlands	CCC+/Positive	CCC/Watch Pos	1,560
Nov. 6, 2024	Downgrade	Franchise Group Inc.	Retail/restaurants	U.S.	D/--	CCC+/Negative	1,425
Nov. 7, 2024	Upgrade	Mersin Uluslararası Liman İşletmeciliği A.S.	Transportation	Turkey	BB/Stable	BB-/Positive	600

Data as of Nov. 7, 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
Nov. 1, 2024	Exactech Inc.,	U.S.	Health care	D	CCC-	Bankruptcy
Nov. 4, 2024	CMG Media Corporation	U.S.	Media and entertainment	SD	CC	Distressed exchange
Nov. 6, 2024	Franchise Group Inc.	U.S.	Retail/restaurants	D	CCC+	Bankruptcy

Data as of Nov. 7, 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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