

The Ratings View

January 15, 2025

This report does not constitute a rating action.

Key Takeaways

- We published our industry credit outlook series for 2025.
- Los Angeles wildfires might pose financial and operational risks for rated entities.
- Our Credit Cycle Indicator continues to signal credit recovery in the year ahead.

Industry Credit Outlook 2025. We published our tenth annual industry credit outlook series. Drawing on assessments of over 5,500 rated corporate and infrastructure entities worldwide, the 25 reports outline our industry credit views for the year ahead, including ratings trends, key assumptions for the year ahead, and an analysis of critical risks and opportunities relative to our base case scenario. With economic soft landings materializing in many major economies, we expect positive revenue and cash flow growth for most sectors, as well as a continued focus on AI and energy transition investment, and an upturn in M&A. Risks include the impact of tariff and trade policies, sustained cost pressures, and uncertainty around the trajectory of interest rates.

[Industry Credit Outlook 2025](#)

Rapidly expanding wildfires in the Los Angeles area might pose significant financial and operational risks for rated entities. Early estimates suggest insured losses from the wildfires spreading across Los Angeles (L.A.) County are significant, potentially matching the about \$16 billion from the 2017 Tubbs Fires in Northern California. Significant wildfire could rapidly deplete the catastrophe budgets of U.S. primary insurers and may lead to earnings pressure later in the year. We, however, believe our rated primary insurers can bear the brunt of the LA wildfire losses, after strong results in the first nine months of 2024 (and likely for the year), combined with a material reduction in policy coverage in wildfire prone areas in California. Credit risk could also result for not-for-profit electric utilities due to the potential for significant liabilities. California courts' strict liability "inverse condemnation" doctrine allows for a utility to be held liable for wildfire damage, whether or not negligence contributed to the fire.

[Insurers Can Absorb Losses Amid Escalating Los Angeles Wildfires](#)
[As Los Angeles Wildfires Burn, Credit Implications For U.S. Public Finance Issuers Are Unclear](#)

Our forward-looking Credit Cycle Indicators (CCIs) continue to signal a potential credit recovery in 2025, reflecting rising leverage and accommodative financing conditions. The divide between the corporate and household sectors continues. Improving earnings growth and supportive market conditions are buoying corporate credit, while household credit is still undergoing a correction. Macroeconomic and geopolitical risks will test some markets more, spelling diverging recovery prospects across geographies.

[Credit Cycle Indicator Q1 2025: The Recovery Could Be More Elusive For Some](#)

We forecast global IT spending will grow 9% in 2025, an improvement from the low-8% area in 2024, as AI continues to spur massive data center spending and enterprises renew their investments in traditional hardware. Software and IT services (which includes spending on the

Contacts

Gareth Williams

London
Head of Corporate Credit Research
+44-20-7176-7226
gareth.williams@spglobal.com

Gregg Lemos-Stein

New York
Chief Analytical Officer,
Corporate Ratings
+1-212-438-1809
gregg.lemos-stein@spglobal.com

Joe Maguire

New York
Lead Research Analyst
joe.maguire@spglobal.com

For latest
Sector and
Industry
Research
[Click Here](#)



The Ratings View

public cloud) growth will remain solid while semiconductor growth will again exceed the double-digit percent area owing to AI tailwinds. U.S. tariffs on technology imports, should they exceed our base case, could seriously constrain IT consumption from consumer-focused PCs and smartphones to enterprise hardware demand. The tech industry is diversifying its supply chain but is still heavily dependent on China.

[Solid IT Demand Bodes Well For Technology Credits In 2025](#)

Capital goods companies' revenues should benefit from resilient capital expenditure spending, particularly in relation to technology and energy transition. We forecast rated companies' capital expenditure growth globally will decelerate to 4.2% in 2025 from 5.5% in 2024. Technology, media, and utilities issuers will likely continue to increase capital spending in 2025 despite persistently high interest rates. We expect about a 4% increase in capital goods revenue. The Americas, driven by the U.S., will outpace Europe, the Middle East, and Africa, and Asia-Pacific. Tight monetary policy in the U.S., which typically cools industrial activity, remains a risk.

Capital expenditure growth for all rated companies

Region	Capital expenditure			Capital expenditure/revenue				
	Bil. \$	% growth		2022a	2023a	2024e	2025f	2026f
	2025f	2024e	2025f					
Americas	1,536	8.5%	5.8%	6.3%	6.6%	6.6%	6.6%	6.5%
Europe, the Middle East, and Africa	816	3.2%	4.3%	6.2%	7.2%	7.7%	7.8%	7.7%
Asia-Pacific	848	2.8%	1.3%	9.4%	10.2%	10.7%	10.7%	10.2%
Sector								
Technology	356	8.4%	15.7%	7.5%	7.0%	7.9%	8.4%	8.4%
Media	76	36.5%	8.3%	6.2%	5.3%	6.9%	7.0%	7.1%
Utilities	716	9.5%	7.8%	15.9%	19.9%	22.5%	23.7%	22.9%
Healthcare	100	-0.7%	6.4%	5.0%	5.6%	5.4%	5.4%	5.4%
Retail and restaurants	201	6.1%	4.9%	3.8%	3.6%	3.7%	3.7%	3.8%
Building materials	28	0.9%	4.2%	4.0%	4.0%	4.3%	4.2%	4.0%
Real estate	32	-8.9%	3.5%	18.9%	16.3%	14.3%	14.1%	12.8%
Aerospace and defense	24	1.3%	2.7%	2.9%	3.1%	3.1%	2.9%	2.8%
Autos	145	3.8%	1.7%	4.7%	4.6%	5.1%	5.1%	4.9%
Business and consumer services	46	10.6%	1.6%	2.0%	2.0%	2.0%	2.0%	1.9%
Oil and gas	550	4.7%	1.4%	6.9%	9.2%	10.1%	10.3%	10.0%
Capital goods	52	5.0%	1.2%	3.4%	3.6%	3.8%	3.7%	3.6%
Consumer products	153	35.5%	1.0%	3.7%	4.3%	3.4%	3.1%	3.0%
Chemicals	84	1.0%	0.9%	6.6%	9.0%	9.5%	9.3%	8.8%
Hotels, gaming, and leisure	36	5.2%	0.2%	8.9%	8.9%	8.8%	8.5%	8.0%
Engineering and construction	30	-2.5%	-0.1%	2.4%	2.7%	2.6%	2.5%	2.5%
Telecommunications services	253	-6.9%	-0.7%	17.2%	16.3%	15.5%	15.0%	14.6%
Transportation	100	-2.5%	-1.2%	8.7%	9.6%	9.2%	8.5%	8.7%
Metals and mining	108	0.6%	-2.1%	7.2%	8.9%	9.7%	9.7%	9.7%
Paper and packaging	21	-19.4%	-2.9%	7.4%	7.7%	6.6%	6.2%	5.9%
Transportation infrastructure	67	-1.8%	-3.5%	18.7%	20.3%	21.9%	20.3%	19.4%
Homebuilders and developers	21	8.0%	-3.8%	5.7%	4.4%	5.0%	4.8%	5.0%
Total	3,200	5.5%	4.2%	6.9%	7.5%	7.7%	7.7%	7.5%

The first column ranks our expectation for capex growth in 2025. The right side of the table shows our expectation for capex intensity for each industry. Green represents the highest value to red the lowest. Source: S&P Global Ratings.

[Great CapExpectations: Tech, Utility Spending Power Capital Goods Revenue Growth In 2025](#)

2024 was a positive year for rating performance trends, primarily driven by a sharp drop in negative rating activity. S&P Global Ratings Credit Research & Insights expects this positivity to extend into 2025. However, differing regional macroeconomic and monetary policy trends will likely lead to consequential divergences in ratings performance both at the sector and rating level. Speculative-grade issuers are particularly exposed to uncertainties surrounding the interest rate descent. Continued geopolitical conflicts and broader uncertainty surrounding changes in policy direction in the U.S. could also be influencing factors.

[Ratings Performance Insights: 2024 In Review](#)

Asset Class Highlights

Corporates

Notable publications include:

- [Industry Credit Outlook 2025: Aerospace and Defense](#)
- [Industry Credit Outlook 2025: Autos](#)
- [Industry Credit Outlook 2025: Building Materials](#)
- [Industry Credit Outlook 2025: Capital Goods](#)
- [Industry Credit Outlook 2025: Chemicals](#)
- [Industry Credit Outlook 2025: Consumer Products](#)
- [Industry Credit Outlook 2025: Engineering and Construction](#)
- [Industry Credit Outlook 2025: Health Care](#)
- [Industry Credit Outlook 2025: Homebuilders and Developers](#)
- [Industry Credit Outlook 2025: Hotels, Gaming and Leisure](#)
- [Industry Credit Outlook 2025: Media and Entertainment](#)
- [Industry Credit Outlook 2025: Metals and Mining](#)
- [Industry Credit Outlook 2025: Midstream Energy](#)
- [Industry Credit Outlook 2025: Oil and Gas](#)
- [Industry Credit Outlook 2025: Real Estate](#)
- [Industry Credit Outlook 2025: Retail and Restaurants](#)
- [Industry Credit Outlook 2025: Technology](#)
- [Industry Credit Outlook 2025: Telecommunications](#)
- [Industry Credit Outlook 2025: Transportation](#)
- [Industry Credit Outlook 2025: APAC Utilities](#)
- [Industry Credit Outlook 2025: EMEA Utilities](#)
- [Industry Credit Outlook 2025: Latin America Utilities](#)
- [Industry Credit Outlook 2025: North America Competitive Power](#)
- [Industry Credit Outlook 2025: North America Regulated Utilities](#)
- [Industry Credit Outlook 2025: Transportation Infrastructure](#)
- [2025 Outlook -- China Commodities Watch: Building Materials Sector To Remain Underwater](#)
- [2025 Outlook--China Commodities Watch: Metals And Mining Stay Solid In An Unsteady World](#)
- [2025 Outlook: China Commodities Watch: Thermal Coal To Hold Steady As Bedrock Fuel](#)
- [Canadian Telecom Brief: Diverging Strategies Could Make Or Break Leverage In 2025](#)
- [Great CapExpectations: Tech, Utility Spending Power Capital Goods Revenue Growth In 2025](#)
- [U.S. Telecom And Cable 2025 Outlook: Convergence, Consolidation, And Disruption](#)
- [Ratings Performance Insights: 2024 In Review](#)

Financial Institutions

- [U.S. Bank Outlook 2025: Entering A New Phase Under A New Administration](#)

Research Contributors

Financial Institutions

Matthew Albrecht

matthew.albrecht@spglobal.com

Mehdi El mrabet

mehdi.el-mrabet@spglobal.com

Structured Finance

Winston Chang

winston.chang@spglobal.com

The Ratings View

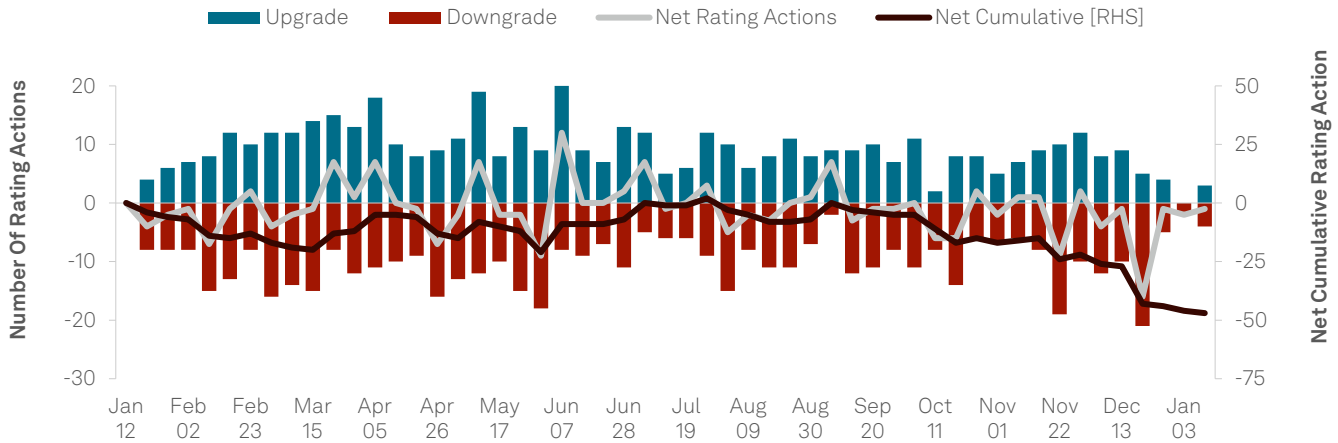
- [Banking Brief: CEE Banks Can Stomach Headwinds In The Auto Industry](#)
- [How Banks In Selected Emerging Markets In EMEA Will Cope With Lower Rates](#)
- [Economic Research: United Arab Emirates Banking Sector 2025 Outlook: Balancing Growth And Risks Amid Economic Expansion](#)
- [Economic Research: Qatar Banking Sector 2025 Outlook: Resilient Performance To Continue](#)
- [Economic Research: Kuwait Banking Sector 2025 Outlook: Economic Recovery To Boost Performance](#)
- [Banking Brief: Costs And Growth Drive Nordic Simplification](#)
- [Rating Component Scores For U.S., Canadian, And Bermudian Banks \(December 2024\)](#)
- [Ratings Component Scores For The Top 200 Banks Globally--December 2024](#)

Sovereign

- [Paraguay Outlook Revised To Positive On Potential Improvement In Growth And Fiscal Trajectory: 'BB+/B' Ratings Affirmed](#)

The Ratings View

Chart 1
Global Rating Actions (Rolling 52-Weeks)



Source: S&P Global Ratings. Net rating actions means downgrades minus upgrades. Net cumulative means total net rating actions. Data as of Jan. 10, 2025. Global rating actions include actions on both financial and non-financial corporates and sovereign issuers.

Table 1

Recent Rating Actions

Date	Action	Issuer	Industry	Country	To	From	Debt vol (mil. \$)
9-Jan	Downgrade	Swisscom AG	Telecommunications	Switzerland	A-	A	10,803
9-Jan	Downgrade	Southern California Gas Co. (Sempra)	Utilities	U.S.	A-	A	7,445
9-Jan	Upgrade	Advanced Micro Devices Inc.	High Technology	U.S.	A	A-	2,555
9-Jan	Downgrade	Naked Juice LLC	Consumer Products	U.S.	CCC	CCC+	2,375
8-Jan	Upgrade	News Corp.	Media & Entertainment	U.S.	BBB-	BB+	1,500
8-Jan	Downgrade	City Brewing Co. LLC. (Blue Ribbon Holdings LLC)	Consumer Products	U.S.	SD	B-	885
8-Jan	Upgrade	Momentive Performance Materials Inc.	Chemicals, Packaging & Environmental Services	U.S.	BB-	B+	850

Source: S&P Global Ratings Credit Research & Insights. Data as of Jan. 10, 2025. U.S. means United States, U.K. means United Kingdom and U.A.E. means United Arab Emirates. NBF1 - NonBank Financial Institutions (ex. Insurance)

For further credit market insights, please see our **This Week In Credit** newsletter.



The Ratings View

Copyright 2025 © by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge) and www.ratingsdirect.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/ratings/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.