

# This Week In Credit

## Debt Ceiling, Data Releases, And Defaults To Set Tone

S&P Global  
Ratings

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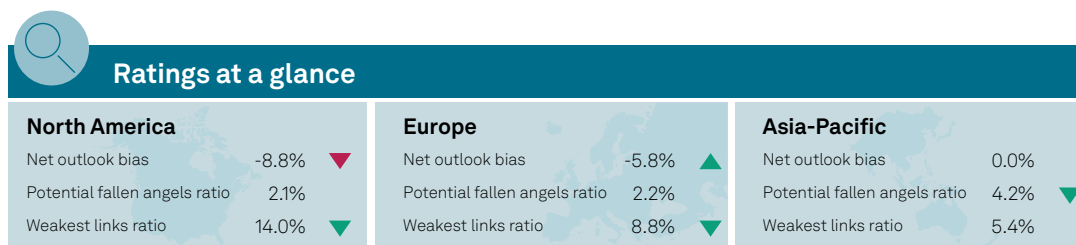
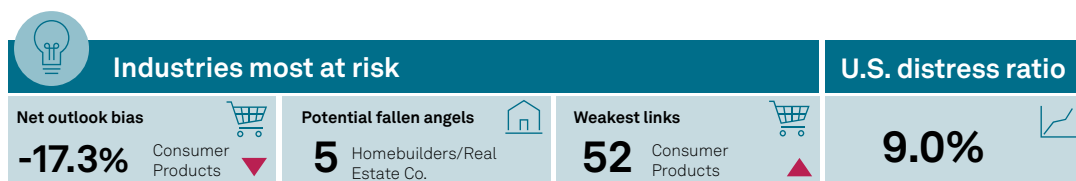
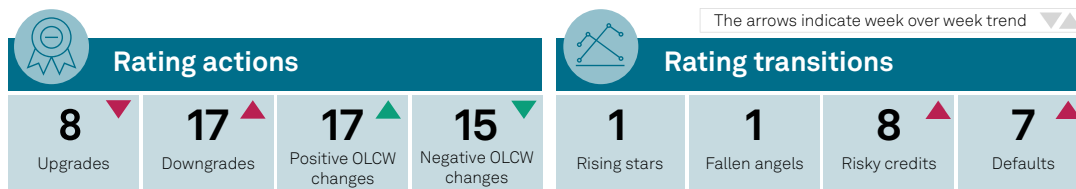
### The Top Line | May 22, 2023

Last week's seven corporate defaults--primarily in the U.S and spread by industry--and a sharp rise in risky credits signal continued pressure at the lower end of the rating spectrum. Fed Chairman Powell indicated, on Friday, that a pause in rate hikes may be warranted due to credit stress, so this week's data including revised U.S Q1 GDP, U.S PCE, and global flash PMI's will be watched closely. Meanwhile, U.S debt ceiling negotiations rumble on (having suffered a setback on Friday, followed by more positive noises over the weekend) and are likely to dictate the market's tone and any volatility in the week ahead.

### Key Takeaways

- Rating performance leaned negative last week, with positive outlook trends overshadowed by increasing downgrades and a sharp rise in risky credits (issuers rated 'CCC').
- Defaults jumped last week with four distressed exchanges and three bankruptcies.
- Market pricing was generally positive, particularly for speculative grade, while primary issuance picked up in the U.S and Europe.

### Ratings performance trends



Data as of May 18, 2023. 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 and confidential rating actions. Defaults from confidential issuers are included in the default tally. Source: S&P Global Ratings Credit Research & Insights.

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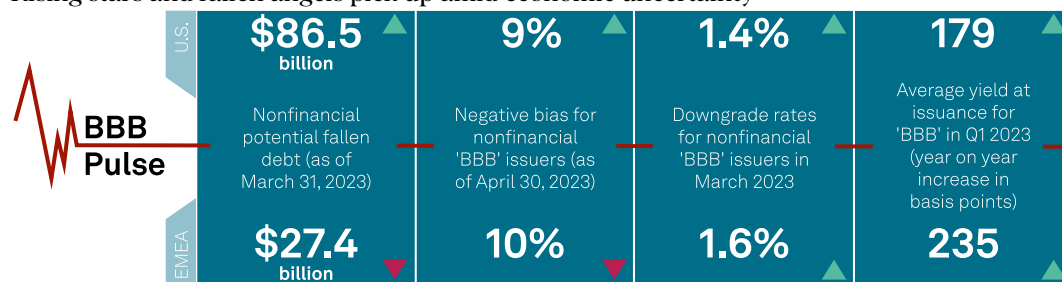
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For more  
Credit Market  
Research  
click here

# Chart Of The Week

Chart 1

Rising stars and fallen angels pick up amid economic uncertainty



Data as of April 30, 2023. This chart first appeared in "['BBB' Pulse: Rising Stars And Fallen Angels Pick Up Amid Economic Uncertainty](#)," published May 17, 2023, on RatingsDirect. Source: S&P Global Ratings Credit Research & Insights.

## Related Research

[Credit Trends: U.S. Corporate Bond Yields As Of May 17, 2023](#), May 18, 2023 (published weekly)

['BBB' Pulse: Rising Stars And Fallen Angels Pick Up Amid Economic Uncertainty](#), May 17, 2023

[Global Corporate Default Tally Reaches 50](#), May 16, 2023

## Webinars

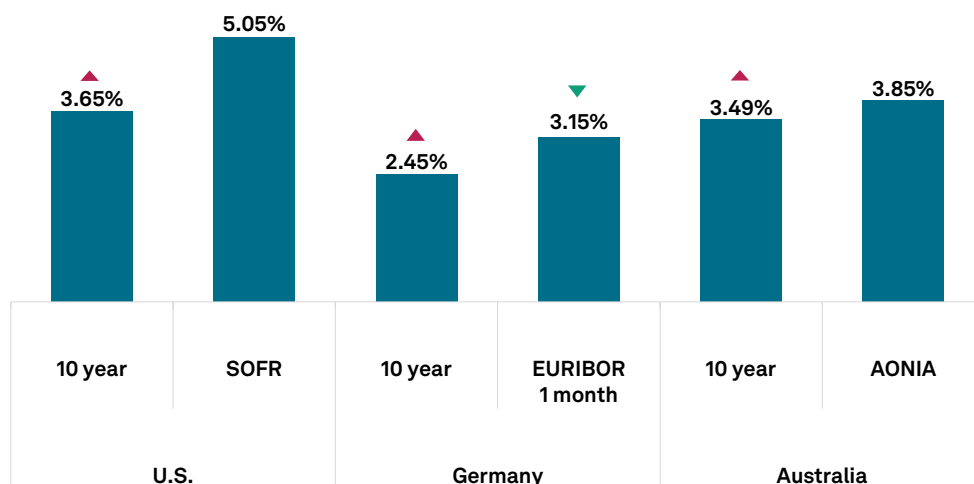
[U.S. Banking Update](#), May 23, 2023

[European CLOs: Where Do We Go From Here?](#), May 24, 2023

# Credit Market Conditions

Chart 2

Benchmark yields



Leveraged loan indices  
average bid price over the week

Morningstar LSTA US LLI

**93** ▼ -0.25%

Morningstar ELLI (Europe)

**94** ▲ 0.18%

Chart 3

## Secondary market credit spreads

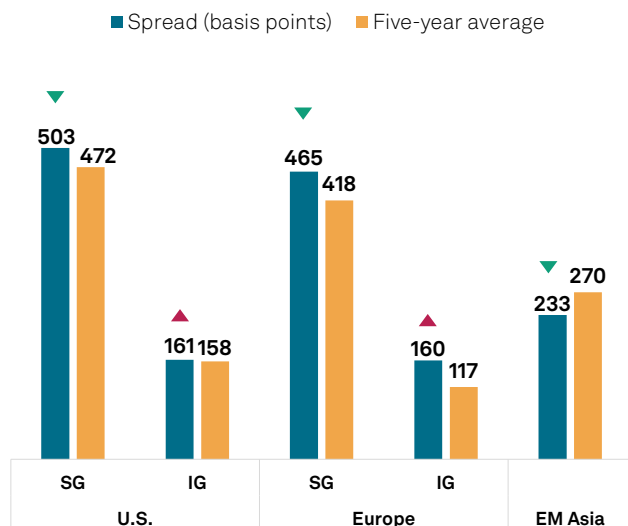
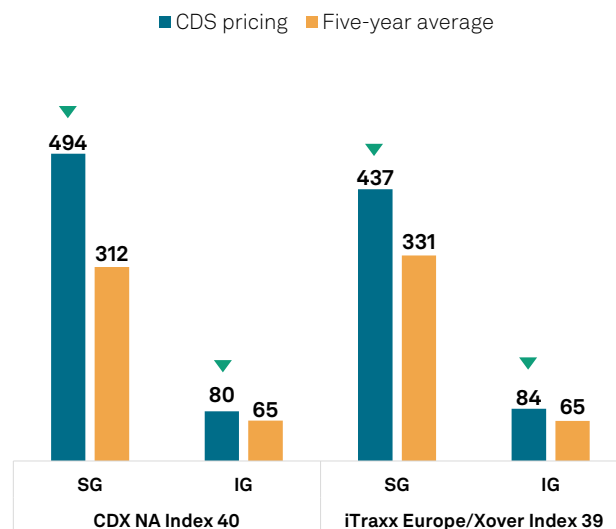


Chart 4

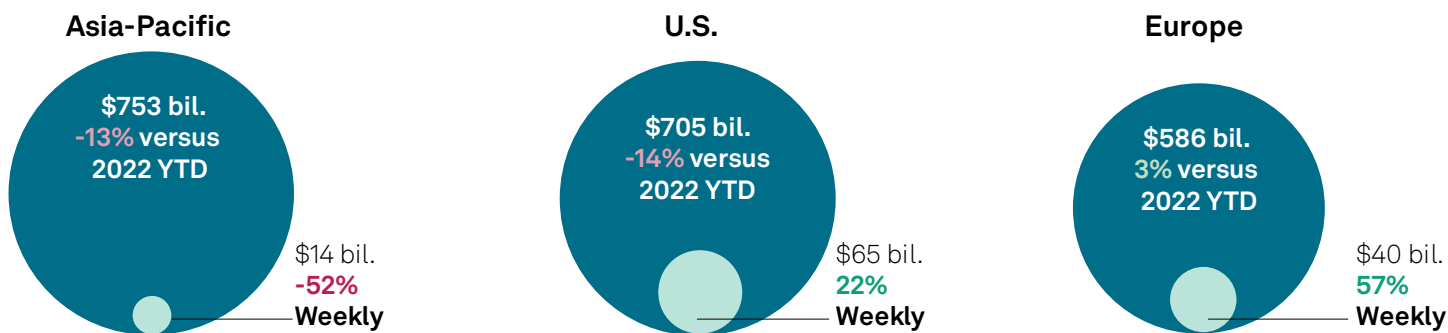
## CDS pricing



The arrows indicate weekly trends. Data as of May 18, 2023. Leveraged loan data source: Leveraged Commentary and Data (LCD) from PitchBook, a Morningstar company; Morningstar LSTA U.S. Leveraged Loan Index; Morningstar European Leveraged Loan Index. 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. Please note that the five-year averages exclude data from May 1-3, 2023, due to a technical disruption in our feed.

Chart 5

## Corporate debt issuance



Data as of May 18, 2023. Corporate bond issuance is the most recent weekly total and the percentage weekly change. Note: U.S. and Europe totals include bonds and leveraged loans and Asia-Pacific total only includes bonds. Leveraged loan data source: Leveraged Commentary and Data (LCD) from PitchBook, a Morningstar company. YTD--Year to date. Sources: Refinitiv, S&P Global Ratings Credit Research & Insights.

Table 1

## Top 10 upgrades and downgrades by debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
May 17, 2023	Upgrade	Capgemini SE	High technology	France	BBB+/Stable	BBB/Positive	7,281
May 12, 2023	Downgrade	Peraton Corp.	Aerospace and defense	U.S.	B/Stable	B+/Negative	6,226
May 16, 2023	Downgrade	H-Food Holdings LLC	Consumer products	U.S.	CCC+/Negative	B-/Negative	3,979
May 15, 2023	Downgrade	Telesat Canada (Telesat Holdings Inc.)	Telecommunications	Canada	SD/NM	CCC+/Negative	3,817
May 17, 2023	Upgrade	Aristocrat Leisure Ltd.	Media and entertainment	Australia	BBB-/Stable	BB+/Positive	3,800
May 16, 2023	Downgrade	Rackspace Technology Global Inc.	High technology	U.S.	CCC+/Negative	B-/Stable	3,300
May 17, 2023	Upgrade	Ryanair Holdings PLC	Transportation	Ireland	BBB+/Stable	BBB/Positive	3,043
May 18, 2023	Upgrade	Viking Cruises Ltd. (Viking Holdings Ltd)	Media and entertainment	U.S.	B/Stable	CCC+/Positive	2,875
May 17, 2023	Upgrade	Cinemark Holdings Inc.	Media and entertainment	U.S.	B+/Positive	B/Positive	2,770
May 17, 2023	Downgrade	Audacy Inc.	Media and entertainment	U.S.	CCC-/Negative	CCC+/Negative	1,780

Data as of May 18, 2023. Note: Rating actions include financial and nonfinancial corporates and sovereign issuer credit ratings. Excludes rating actions with no debt. \*Long-term issuer credit rating/outlook or CreditWatch status. Downgrades include defaults. Source: S&P Global Ratings Credit Research & Insights.

Table 2

## This week's defaults

Date	Parent company	Country /market	Subsector	To	From	Reason
May 15, 2023	Telesat Canada (Telesat Holdings Inc.)	Canada	Telecommunications	SD	CCC+	Distressed exchange
May 16, 2023	Envision Healthcare Corp. (Envision Healthcare Holdings Inc.)	U.S.	Health care	D	CCC	Bankruptcy
May 16, 2023	Monitronics International Inc.	U.S.	Media and entertainment	D	CCC	Bankruptcy
May 17, 2023	At Home Group Inc.	U.S.	Retail/restaurants	SD	CCC+	Distressed exchange
May 17, 2023	CareerBuilder LLC	U.S.	Media and entertainment	SD	CCC	Distressed exchange
May 18, 2023	Curo Group Holdings Corp.	U.S.	Financial institutions	SD	B-	Distressed exchange
May 18, 2023	Venator Materials PLC	U.K.	Chemicals, packaging, and environmental services	D	CCC-	Bankruptcy

Data as of May 18, 2023. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®. D--Default. SD--Selective default.

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## Glossary And Abbreviations

### Ratings Performance Trends

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

**Investment grade**--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**--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

**AONIA**--Reserve Bank of Australia Cash Rate.

**EM**--Emerging markets.

**EURIBOR**--Euro Interbank Offered Rate.

**IG**--Investment grade.

**SG**--Speculative grade.

**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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