

# This Week In Credit

## Credit Remains On Fragile Footing

S&P Global  
Ratings

This report does not constitute a rating action.

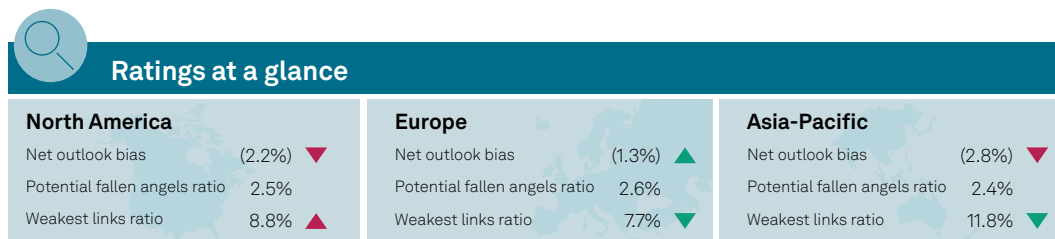
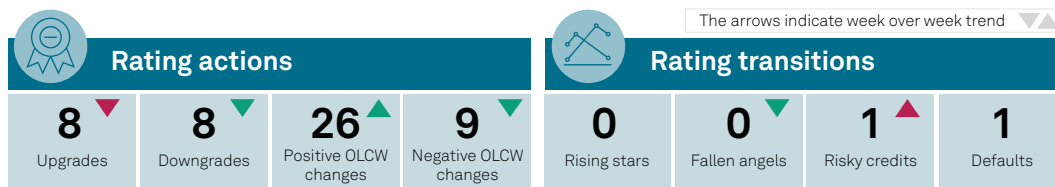
### The Top Line | July 25, 2022

All eyes are on the U.S. Federal Reserve this week after the larger-than-expected 50 basis-point hike by the European Central Bank. Some central banks are no longer providing forward guidance, so markets should expect increased volatility. The positive tone for credit pricing can quickly reverse as the causes and consequences of persistent inflation continue to undermine growth and sentiment.

### Key Takeaways

- While positive outlook and CreditWatch changes rose sharply last week, they were mostly specific to financial institutions and led by Greek banks. Rating indicators also softened in North America.
- Indonesian palm oil producer Sawit Sumbermas Sarana was the sole default after it completed a distressed exchange.
- Although U.S. and Europe speculative-grade spreads have tightened and secondary market loan prices have stabilized, continued positive momentum is far from certain in an increasingly difficult operating environment.

### Ratings Performance Trends



Data as of July 21, 2022. Note: Weekly rating actions, weekly transitions, and industries most at risk are all global data. Source: S&P Global Ratings Research.

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# Chart Of The Week

Chart 1

## Recessionary Stress Tests Show Big Jumps In Negative-Cash Flow Corporates

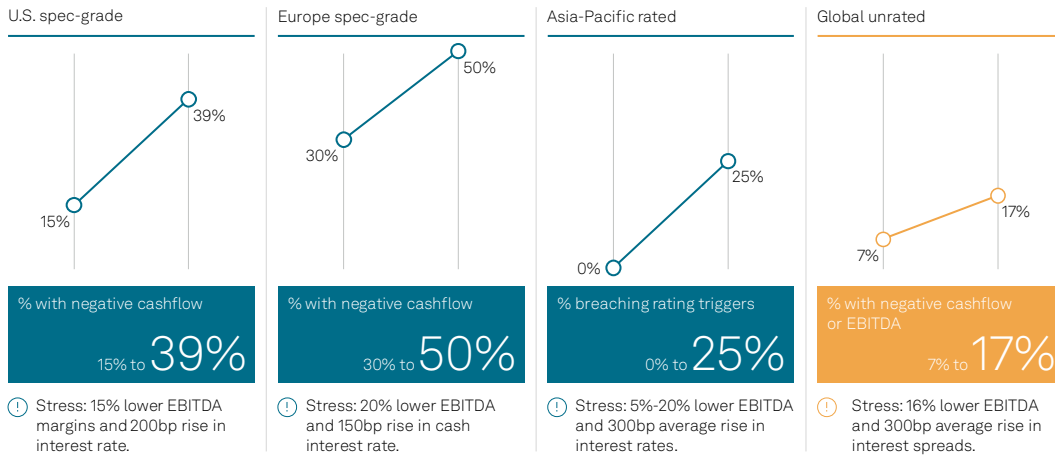


Chart first appeared in "[If Stagflation Strikes, Loss-Making Corporates Will Double Globally.](#)" published on July 12, 2022. Source: S&P Global Ratings Research.

## Related Research

[U.S. Corporate Credit Outlook Midyear 2022: Bracing For A Bumpy Ride](#), July 20, 2022

[The U.S. Distress Ratio Accelerates To Highest Level Since October 2020](#), July 21, 2022

[U.S. Corporate Bond Yields As Of July 20, 2022](#), July 21, 2022

## Upcoming Webinars

[Australian Property Spotlight](#), July 26, 2022

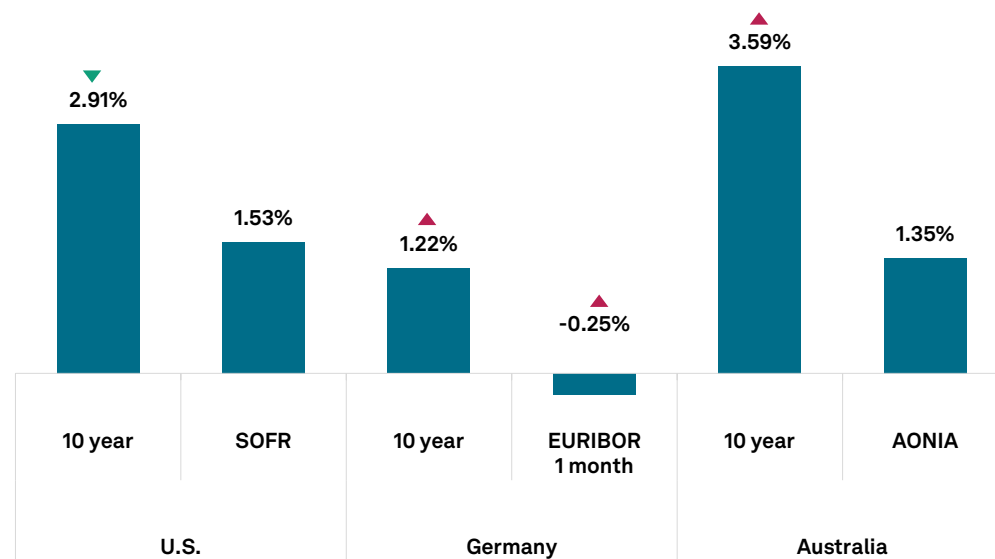
[North American Leveraged Finance Poolside Chat Series, Ep.2](#), July 27, 2022

[U.S. Public Finance: Higher Education Medians](#), July 28, 2022

# Credit Market Conditions

Chart 2

## Benchmark Yields



## Leveraged Loan Indexes average bid price over the week

S&P/LSTA LLI (U.S.)

**93** ▲ 1.36%

S&P ELLI (Europe)

**90** ▲ 0.67%

Chart 3

Secondary Market Credit Spreads

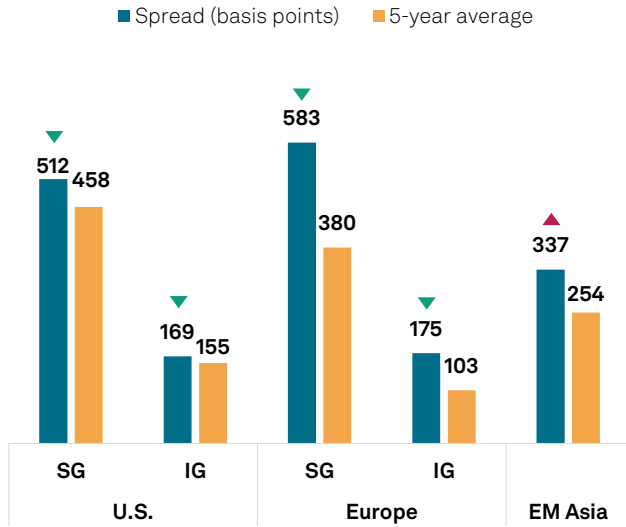
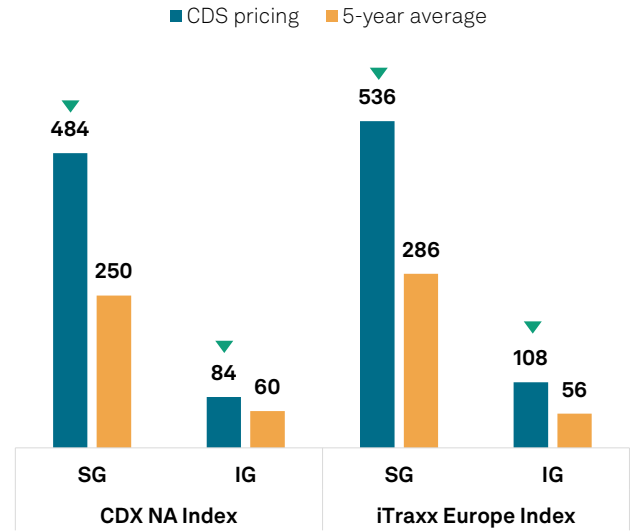


Chart 4

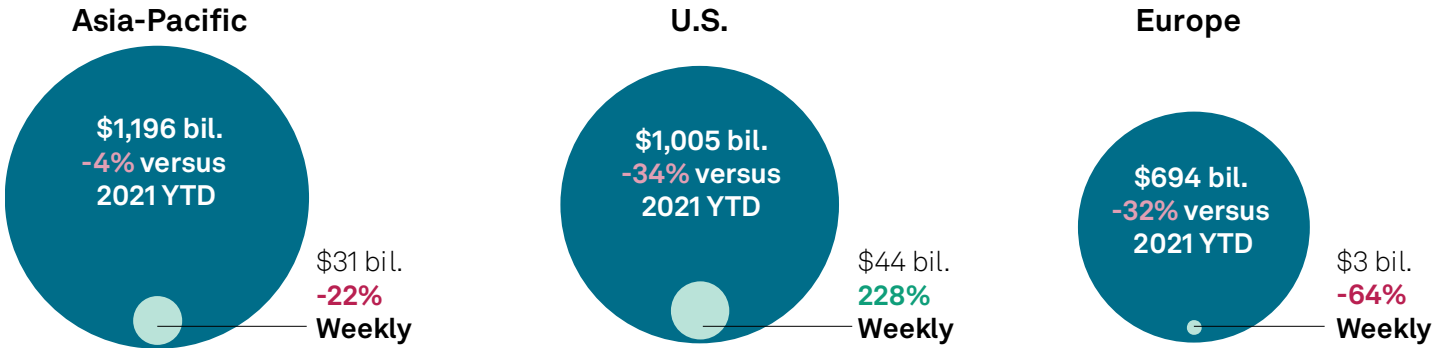
CDS Pricing



The arrows indicate weekly trends. All data as of July 21, 2022. Leveraged loan data source: Leveraged Commentary and Data; S&P/LSTA Leveraged Loan Index; S&P European Leveraged Loan Index. Sources: S&P Global Ratings Research, Ice Data Indices LLC, ICE BofA Euro High Yield Index Option-Adjusted Spread, retrieved from the Federal Reserve Bank of St. Louis, IHS Markit.

Chart 5

Corporate Debt Issuance



Data as of July 21, 2022. Corporate bond issuance is the most recent weekly total and the percentage weekly change. YTD-Year to date. 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. Source: S&P Global Ratings Research.

Table 1

## Top 10 Upgrades And Downgrades By Debt

Date	Action	Issuer	Industry	Country	To*	From*	Debt volume (mil. \$)
July 21, 2022	Downgrade	Royal Schiphol Group N.V.	Transportation	Netherlands	A-/Stable	A/Negative	4,019
July 20, 2022	Downgrade	FEH Inc.	Bank	U.S.	BB-/Negative	BB/Negative	1,900
July 21, 2022	Upgrade	NASCAR Holdings LLC	Media & Entertainment	U.S.	BB+/Stable	BB/Positive	1,410
July 21, 2022	Downgrade	Peacock Intermediate Holding II L.P.	Capital Goods	U.S.	B-/Negative	B/Stable	1,025
July 18, 2022	Upgrade	Rexel S.A.	Forest Products & Building Materials	France	BB+/Stable	BB/Positive	1,007
July 21, 2022	Upgrade	Everi Holdings Inc.	Media & Entertainment	U.S.	BB-/Stable	B+/Positive	1,000
July 21, 2022	Downgrade	Yak Access LLC	Capital Goods	U.S.	CCC/Negative	CCC+/Negative	860
July 21, 2022	Downgrade	Vue International Bidco PLC	Media & Entertainment	U.K.	CC/Negative	CCC+/Negative	728
July 18, 2022	Downgrade	IXS Holdings Inc.	Automotive	U.S.	CCC+/Negative	B-/Negative	620
July 21, 2022	Upgrade	Speedway Motorsports LLC	Media & Entertainment	U.S.	BB/Stable	BB-/Positive	600

Note: Croatia was upgraded to 'BBB+' from 'BBB-' on July 14, 2022, and should have been included in last week's report published on July 18, 2022. Rating actions include financial and nonfinancial corporates and sovereign issuer credit ratings. \*Long-term issuer credit rating/Outlook or CreditWatch status. Source: S&P Global Ratings.

Table 2

## This Week's Defaults

Date	Parent company	Country/market	Subsector	To	From	Reason
July 18, 2022	PT Sawit Sumbermas Sarana Tbk	Indonesia	Forest Products & Building Materials	SD	CC	Distressed Exchange

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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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