

Oil & Gas Credit Risk is Rising for US, More Moderate for UK, EU Default Risk for US Firms Up Almost 6% in Last Year

Key Findings

- Credit quality for US-based firms continues to deteriorate, with overall probability of default rising 5.8% on a year-over-year basis.
- Average probability of default is currently highest for US firms.
- Credit Benchmark Consensus (CBC) rating is similar for all three aggregates.

US Oil & Gas

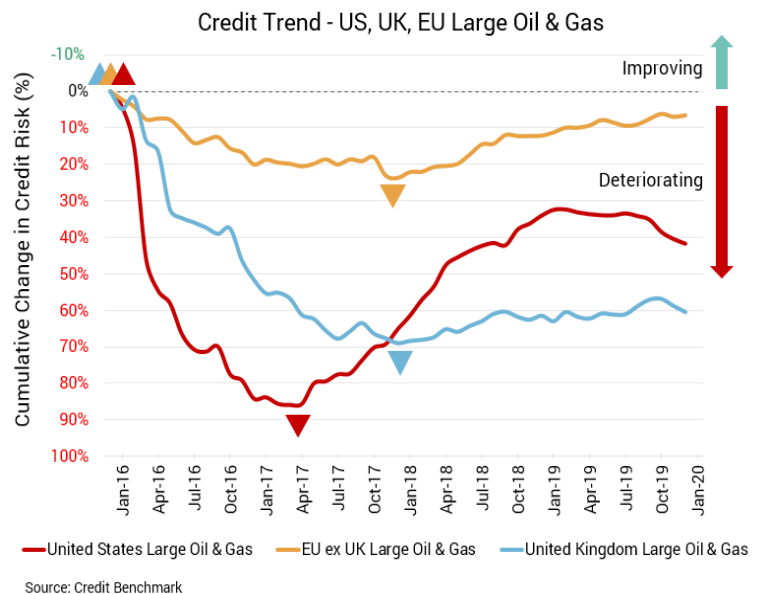
Overall credit quality for US oil & gas firms continues to deteriorate. Credit quality for the sector declined by 1.0% on a month-over-month basis and 5.8% on a year-over-year basis. The average probability of default for US oil and gas firms in aggregate is currently 45.1 basis points, compared to 44.6 basis points in the prior month and 42.6 basis points at the same time last year. The current Credit Benchmark Consensus (CBC) rating is **bbb-**, unchanged from last year.

UK Oil & Gas

Credit quality has been largely flat for UK oil & gas firms, with average probability of default increasing 1.0% on a month-over-month basis but decreasing 0.6% on a year-over-year basis. The average probability of default for UK oil & gas firms in aggregate is currently 40.4 basis points. The current Credit Benchmark Consensus (CBC) rating is **bbb-**, unchanged from last year.

EU Oil & Gas

Credit quality is essentially flat month-over-month for EU-based oil & gas firms, having improved 0.4% on a monthly basis and 5.0% year-over-year. The average probability of default for EU oil & gas firms in aggregate is 21.6 basis points, compared to 21.7 basis points in the prior month and 22.7 basis points at the same time last year. The current Credit Benchmark Consensus (CBC) rating is **bbb+**, unchanged from the prior month, but up from **bbb** at the time time last year.



About the Credit Benchmark Monthly Oil & Gas Aggregate

This monthly index reflects the aggregate credit risk for large US, UK, and EU firms in the oil & gas sector. It provides the average probability of default for oil & gas firms over time to illustrate the impact of industry trends on credit risk. A rising probability of default indicates worsening credit risk; a decreasing probability of default indicates improving credit risk. The Credit Benchmark Consensus (CBC) Rating is a 12-category scale that explicitly links to probability of default estimates sourced from major financial institutions. The letter grades range from **aaa** to **d**.

Credit Benchmark brings together internal credit risk views from 40+ of the world's leading financial institutions. The contributions are anonymized, aggregated, and published in the form of consensus ratings and aggregate analytics to provide an independent, real-world perspective of risk. Consensus ratings are available for 50,000+ financials, corporate, and sovereign entities globally across emerging and developed markets, and 75% of the entities covered are otherwise unrated.