

Auto Industry Credit Quality Improves in US & UK Default Risk Ebbs After Several Months of Deterioration

Key Findings

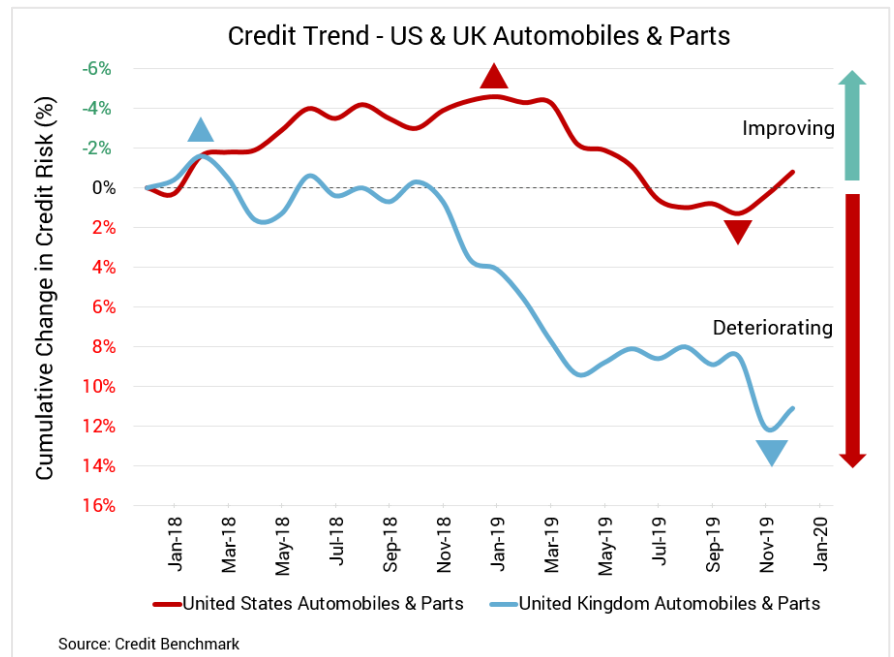
- Credit quality for US- and UK-based firms is no longer deteriorating, although overall probability of default remains higher than a year ago.
- Credit Benchmark Consensus (CBC) rating holds an average of **bbb-** for US firms, UK firms are worse off at **bb+**.

US Auto and Auto Industry

Credit quality for US auto firms has improved 1.1% on a month-over-month basis to close the month with an average probability of default of 36.5 basis points. On a year-over-year basis, corporate credit quality for the US auto industry has deteriorated by 3.7%. The current Credit Benchmark Consensus (CBC) rating for the companies that make up the auto industry aggregate is **bbb-**.

UK Auto and Auto Industry

For UK-based auto manufacturers and parts suppliers, credit quality has improved 0.9% over the past month, following a protracted period of deterioration. The current average probability of default for firms in the UK auto sector is 57 basis points; a deterioration of 7.3% on a year-over-year basis. The current Credit Benchmark Consensus (CBC) rating for the UK auto aggregate is **bb+**.



About Credit Benchmark Monthly Auto Industry Aggregate

This monthly index reflects the aggregate credit risk for US and UK firms in the automobile and auto parts sectors. It illustrates the average probability of default for auto firms as well as parts suppliers to achieve a comprehensive view of how sector risk will be impacted by trends in the auto industry. 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 21-category scale explicitly linked to probability of default estimates sourced from major financial institutions. The letter grades range from **aaa** to **d**.

About Credit Benchmark

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 entity-level consensus ratings and aggregate analytics to provide an independent, real-world perspective of risk. Consensus ratings are available for 50,000+ financials, corporate, funds, and sovereign entities globally across emerging and developed markets, and 75% of the entities covered are otherwise unrated.

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