

Auto Industry Credit Quality Declines in US & UK Default Risk Increases After Temporary Respite

Key Findings

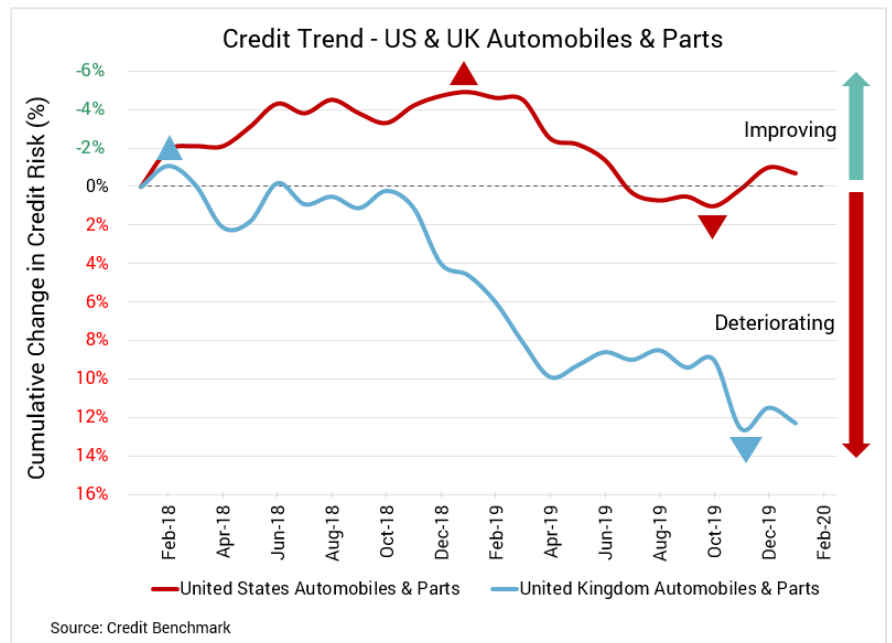
- Credit quality for US- and UK-based firms worsens after a brief respite and overall probability of default remains higher compared to a year ago.
- Credit Benchmark Consensus (CBC) rating is worse for UK-based firms.

US Auto and Auto Parts Industry

The recent improvement in credit quality for US auto firms was short-lived. Credit quality for US auto sector firms has worsened by 0.4% from the prior month and by 4.5% from the same point last year. Average probability of default for these firms is 36.7 basis points, compared to 36.5 basis points the prior month and 35.1 basis points at the same point last year. The current Credit Benchmark (CBC) rating for this sector is **bbb-**, unchanged for the last 12 months.

UK Auto and Auto Parts Industry

Following last month's update indicating improvement in UK auto industry credit quality, this month's reading shows deterioration. Credit quality for UK auto sector firms has declined by 0.7% from the prior month and by 7.5% from the same point last year. Probability of default for these firms is 57.2 basis points, compared to 57.3 basis points the prior month and 53.8 basis points at the same point last year. The current Credit Benchmark (CBC) rating for this sector is **bb+** and has not changed for the last 12 months.



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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