

Credit Risk Continues to Rise for US, UK Retailers

Default Risk for US Retailers Up More Than 6% Over Last Year

Key Findings

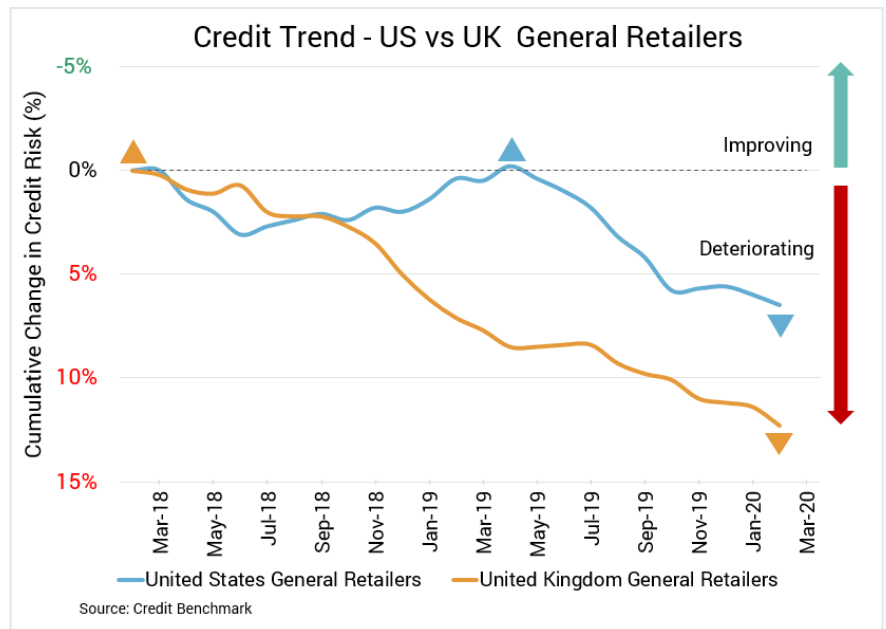
- Credit quality for both US- and UK-based retailers continues to deteriorate.
- Credit Benchmark Consensus (CBC) rating sits at **bb+** for both aggregates, but UK retailers are edging closer to the **bb** threshold

US General Retail Firms

US general retailers continue to see weakening credit quality, deteriorating 0.5% on a monthly basis and a much larger 6.1% over the past year. The average probability of default for these firms is now 51.5 basis points – the highest probability of default reading recorded since Credit Benchmark began tracking this data. The current Credit Benchmark Consensus (CBC) rating for this aggregate has remained **bb+** over the last year.

UK General Retail Firms

The trend has been similar, but more pronounced for UK retailers, which have seen their average credit quality deteriorate 0.8% over the last month and 4.8% year-over-year. The average probability of default for these firms is now 71.9 basis points, compared to 71.3 basis points in the prior month and 68.6 basis points at the same point last year. The current Credit Benchmark Consensus (CBC) rating for UK retailers has remained **bb+** over the last year, but is now within just 6.1 basis points of a downgrade.



About Credit Benchmark Monthly Retail Industry Aggregate

This monthly index reflects the aggregate credit risk for US and UK General Retailers. It illustrates the average probability of default for companies in the sector to achieve a comprehensive view of how sector risk will be impacted by trends in the retail 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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