

Some Global Airlines Are Pulling Out of Credit Default Risk Tailspin

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The COVID-19 pandemic has not been kind to global airline credit quality. As of February 2021, a total of 21 major global airlines have been downgraded to high yield (HY) status since the start of the pandemic, according to Credit Benchmark data. But that grim statistic does not tell the full story. A handful of airlines are starting to see their credit quality improve and two in particular – Singapore Airlines and Ryanair – have recently been upgraded and are sitting squarely in investment grade (IG) territory.

Singapore Airlines currently has a Credit Consensus Rating (CCR) in the range of **a** to **aaa** and Ryanair has a CCR in the range of **bbb** to **a-**.

In the quadrant below, Credit Benchmark has mapped the credit risk profiles for the major global airlines over the past 6 months, spotlighting those who have recently been upgraded, those who are at risk of downgrade and those who are hovering in the middle.

Global Airline Credit

6m	Downgrade	Deteriorating	No Change	Improving	Upgrade
IG1					Singapore
IG2	Etihad Air China				Ryanair
Crossover	JAL Easyjet Qatar China Eastern				
HY1	Vueling Qantas United Aer Lingus Air Canada Air New Zealand Southwest Delta BA Jet2 Emirates	China Airlines Alaska Titan Lufthansa	Air France Cathay Pacific		
HY2	American WestJet Spirit	Korean			

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. Credit Consensus Ratings (CCR) are available for 55,000+ financials, corporate, funds, and sovereign entities globally across emerging and developed markets, and 90% of the entities covered are otherwise unrated.

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