

# Fallen Angels and Rising Stars: Monthly Monitor

October 2021



## Percentage of Rising Stars Moves Ahead of Falling Angels

Consensus data show ongoing shuffling within corporate credit, but the balance is slightly in favour of Rising Stars as a growing number of firms see their credit status shift from high-yield to investment-grade.

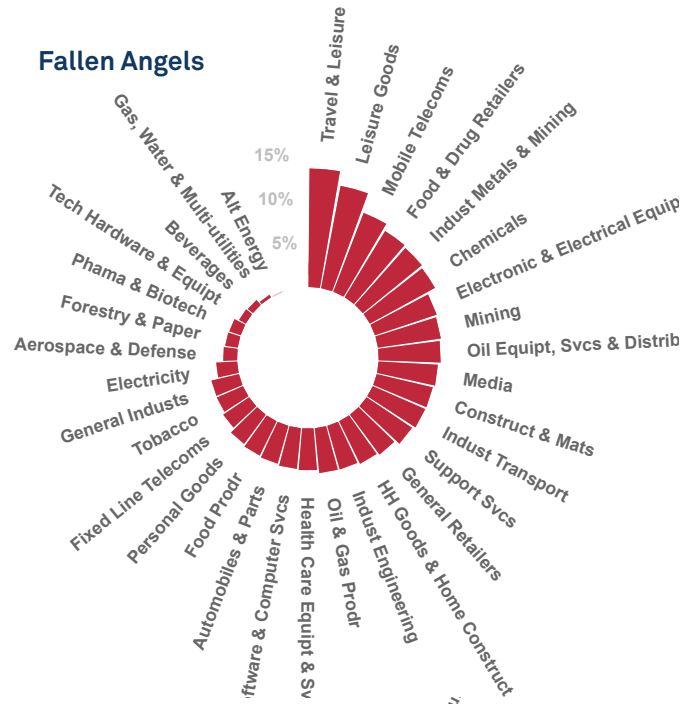
Fallen Angels, or firms that have deteriorated from investment-grade to high-yield, now total 401, up from 369 last month. About 5% out of a global sample of 7,667 companies are still classified as Fallen Angels after crossing the threshold since the start of 2021. Sectors with the highest percentages of Fallen Angels remain the beleaguered Travel & Leisure at 13%, Leisure Goods at 12%, and Mobile Telecommunications at 10%.

The number of Rising Stars, or firms that have improved from high-yield to investment grade, also continues to grow, with 603 firms making the shift from high-yield to investment-grade. About 6% out of a global sample of 10,161 companies have maintained this investment grade status since the start of the year. Sectors with the highest percentages of Rising Stars remain Leisure Goods, Forestry & Paper and Technology Hardware & Equipment, all at 12%.

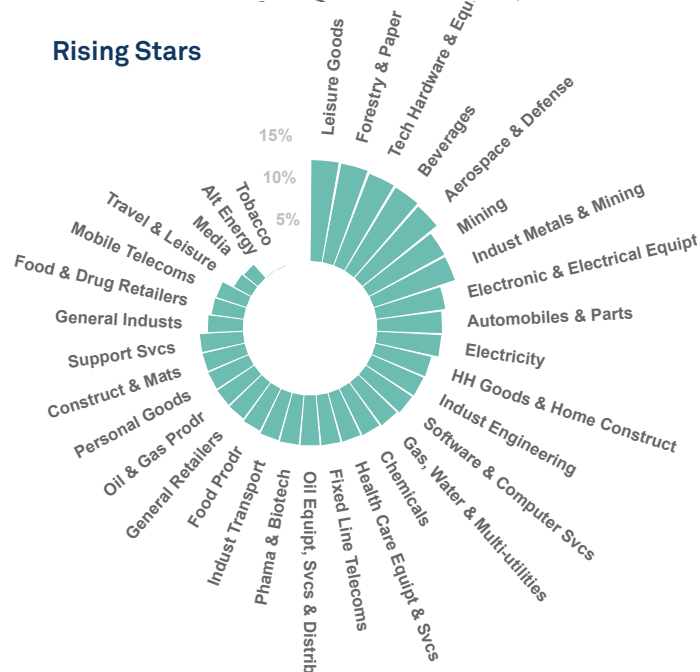
The small lead in Rising Stars over Fallen Angels may be a sign that overall global corporate credit is be on the cusp of improvement. Default risk for Global Corporates is 60 bps, steady over the last few months but slightly improved compared to earlier this year. Obstacles remain, including [supply chain challenges](#), which are lately exacerbated by [natural gas issues](#), to the [ongoing effects of the pandemic](#). While there will always be winners and losers in corporate credit, the months ahead may provide a better indication of whether current improvement is short lived or longer lasting.

The Fallen Angels and Rising Stars Monthly Monitor reflects shifts to and from investment-grade and high-yield status for a global sample of companies starting from January 2021. Data are classified using the Credit Consensus Rating (CCR), a 21-category scale explicitly linked to probability of default estimates sourced from major financial institutions. The letter grades range from **aaa** to **d**.

### Fallen Angels



### Rising Stars



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