

# US Construction & Materials: Sharp Credit Improvement May Stall on Ukraine Impact

April 2022

The global construction industry is facing renewed challenges: just as the Covid-driven labour and materials shortages showed signs of easing, the Ukraine war is hitting the industry in two specific areas: steel and glass. The US typically imports 60% of its pig iron from Russia and Ukraine, while higher natural gas prices are hitting glass prices and supplies. Glass furnaces are not easy to restart after shutdowns, and the glass shortage has been compounded by the trend away from single-use plastic bottles as well as the demand for glass vials during the Covid vaccination program.

Prior to the invasion, credit risk for US Construction & Materials had improved especially rapidly as the pandemic eased, despite the highest cost-inflation rate in [50 years](#), and disruptions to building due to extreme weather [in the US](#). The recovery matched that in Canada and outpaced that of the UK, EU and Global aggregates.

**Figure 1: EU, Canada, Global, UK and US Construction & Materials aggregate probability of default; past two years.**

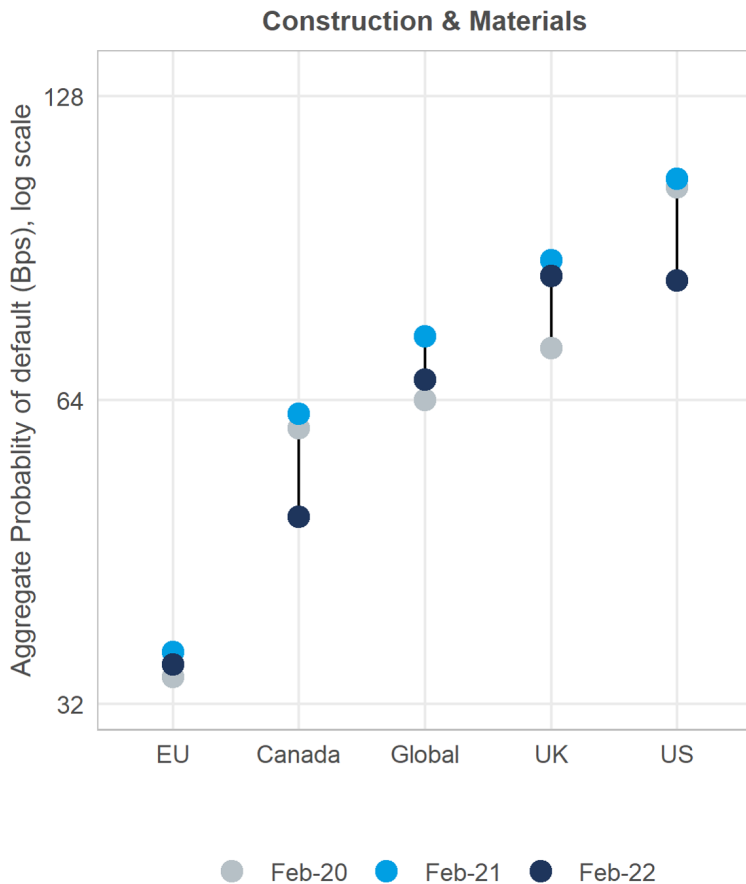
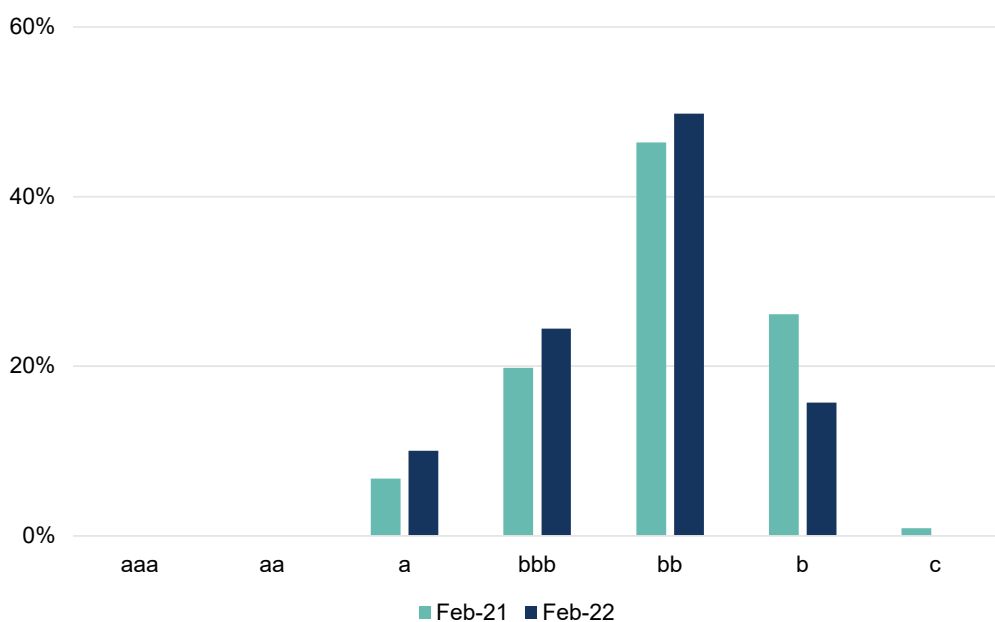


Figure 2, overpage, shows the latest and one year ago US Construction & Materials credit distribution.

**Figure 2: Credit Distribution, US Construction & Materials; Feb-21 vs Feb-22**

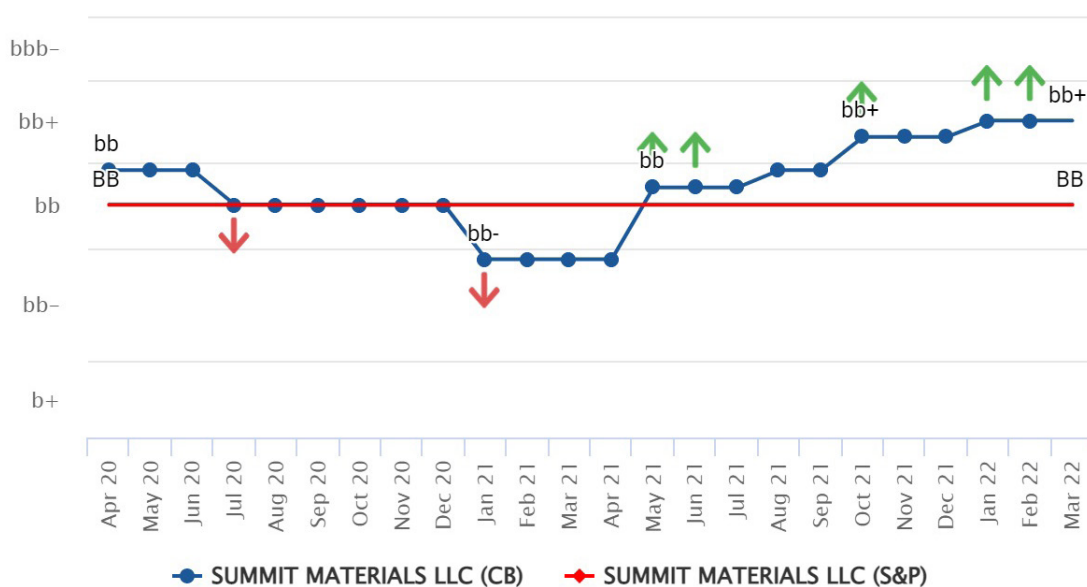


Over the past year, the credit distribution has shifted towards investment grade: there are no longer any entities in the **c** credit category and the **bbb** and **a** credit categories have expanded.

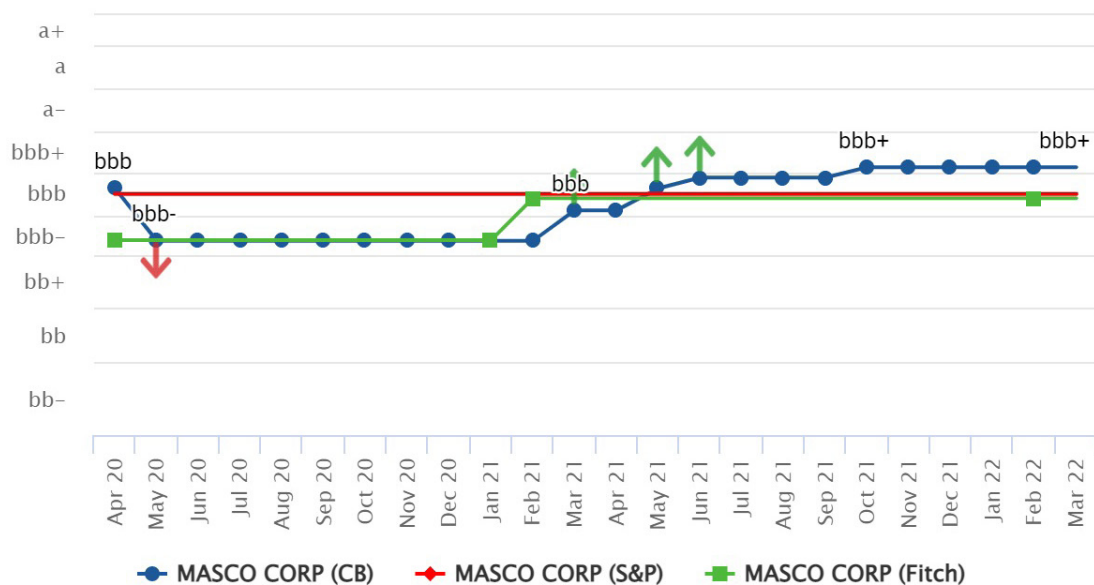
North American construction firms have some advantages compared with the rest of the world – large home-grown timber sources, more reliable energy supplies, and the continued demand as the spend from the \$1.2trn infrastructure bill signed in late 2021 is rolled out. The Ukraine war is pushing the US to become self-sufficient in many industrial inputs; steel and glass will need to be high priorities if the infrastructure bill is to be kept on track.

Figures 3, 4 and 5 show recent positive credit trends for three U.S. Construction & Materials companies: Summit Materials LLC, Masco Corp and Apex Tool Group – the next few months will be crucial for the sector credit outlook. Consensus data is now available on Bloomberg to track these and other changes across more than 30,000 global corporate issuers.

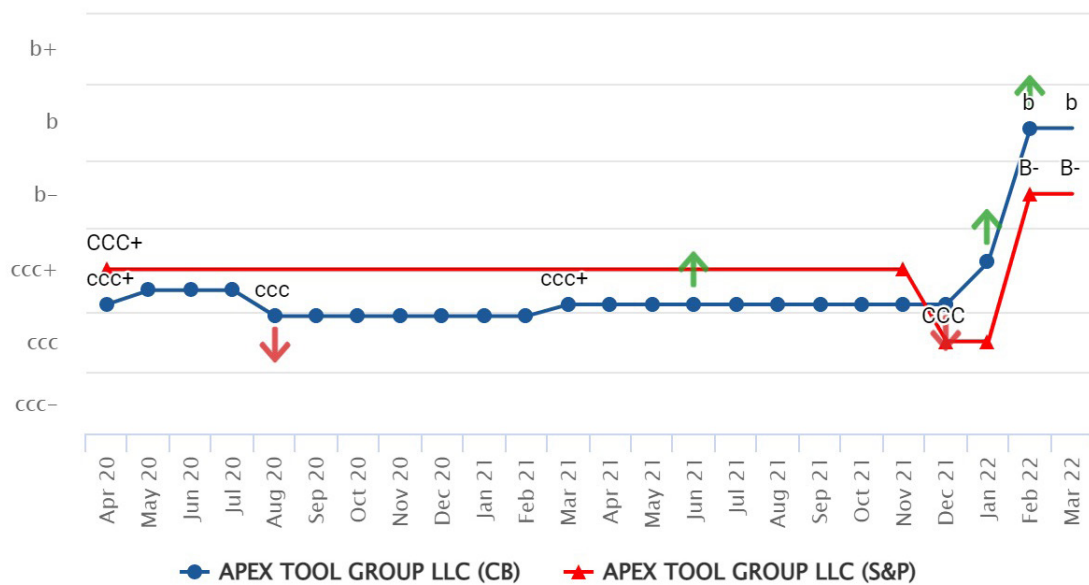
**Figure 3: Summit Materials LLC, US-based aggregates producer**



**Figure 4: Masco Corp, US-based home improvement and new home construction products**



**Figure 5: Apex Tool Group, US-based hand and power tools**



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- > Credit Risk Management
- > Systematic Credit Trading
- > Securities Finance
- > Supply Chain Risk
- > Trade Credit Insurance
- > Fund Management
- > Regulation, RWA & Capital
- > Onboarding, KYC & Relationship Management
- > Point-in-Time (PIT) Impairments
- > Accounts Payable & Receivable



**10 Million**

Contributed Credit Risk Estimates Per Year  
40 Million+ Estimates Collected Since Launch



**60,000+**

Entities Covered



**2x**

Twice Monthly Frequency



**75%**

Unrated by Major Credit Rating Agencies



**1,200+**

Aggregates



**120+**

Countries



**80+**

Months of Data



**50+**

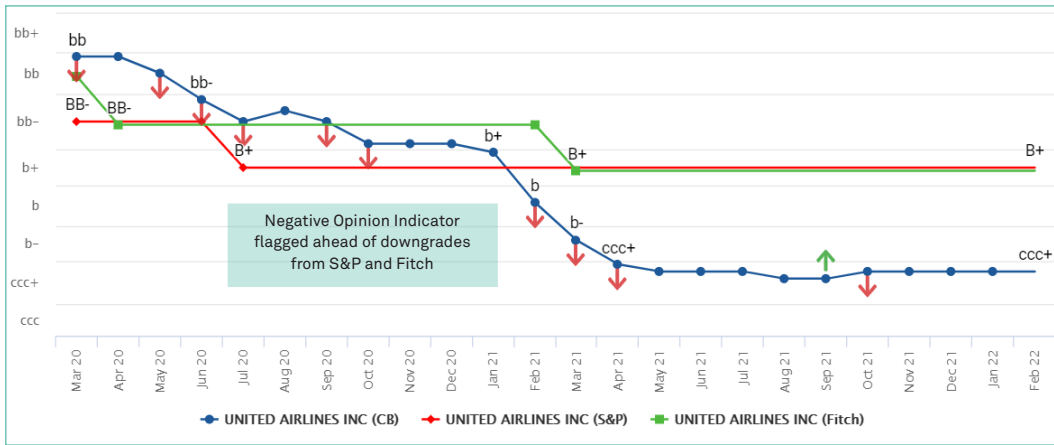
Data Metrics



**40+**

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# Real-world risk views with unparalleled consensus coverage



**Credit Consensus Rating:** Unique measure of creditworthiness based on the views of 40+ leading global financial institutions

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**Opinion Indicator:** Month over month observation-level net downgrades or upgrades

Credit Benchmark Web App: Entity-Level Data Sample

**Build screener with criteria below:**

- S&P Rating is Unrated
- Fitch Rating is Unrated
- CCR is aaa, aa+, aa, aa-, a+, a, a-, bbb+, bbb, bbb-

**44,628 Entities found**

Entity Name	Credit Consensus Rating	S&P Rating	Fitch Rating
IHS GLOBAL CANADA LTD	bbb-	Unrated	Unrated
GYP HOLDINGS III CORP	bb	Unrated	Unrated
GESTIELLE CEDOLA DUAL BRAND	a-	Unrated	Unrated
TRANE TECHNOLOGIES LUXEMBOURG FINANCE SA	bbb+	Unrated	Unrated
TECK HIGHLAND VALLEY COPPER PARTNERSHIP	bbb	Unrated	Unrated

Credit Benchmark Web App: Data Screen Sample

## Data that works for you:

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[Contact us to learn more and to start a trial of our data.](#)

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