Credit Benchmark

US Energy Sector: Credit and Equity May 2022

The invasion of Ukraine has shifted energy sector dynamics, with all energy sources (including non-renewables) back in scope. After describing themselves as "cash machines", major oil companies are now trying to head off a windfall tax with promises of renewed investment – in fossil fuel extraction. The alternative is ongoing European dependence on Russian oil and gas – but the war has demonstrated that energy security may be more politically pressing than environmental worries.

US energy companies have had a bonanza as oil and gas prices <u>have spiked</u>, and this has been mirrored in share price performance with the sector up more than 30% while the broader market has lurched down.

Figure 1 shows the relationship between Credit Consensus Ratings and US energy sector equity price changes in 2022.

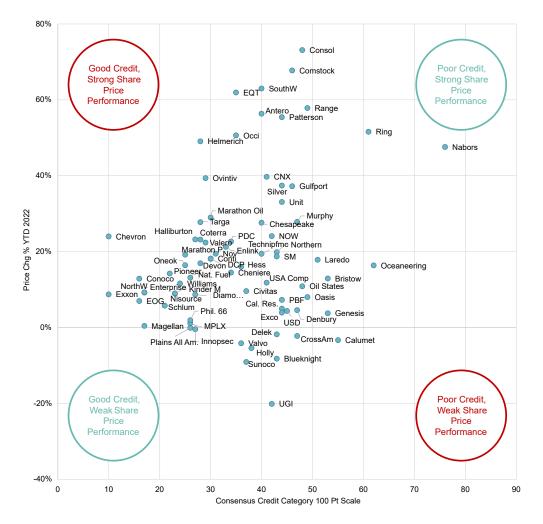


Figure 1: Consensus Credit and Equity Performance

Based on the 100-point credit scale (1 = Best, 100 = Worst), Nabors has the lowest Credit Consensus Rating (above 70), followed by Oceaneering and Ring (both above 60). Laredo, Bristow, Genesis and Calumet are above 50.

Of these, Ring and Nabors have been the best share price performers, both up by c50% since the start of the year. Oceaneering, Laredo and Bristow have lagged behind the sector with share prices up less than 20% this year. Genesis share price is only up slightly, despite recent credit improvement, whilst Calumet share price is slightly down.

Figure 2 shows the detailed credit trend for Genesis Energy since Dec-21.

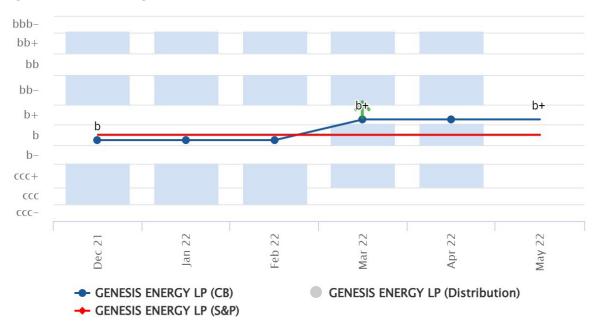


Figure 2: Genesis Energy

Across the full range of Credit Consensus Ratings in the US Energy sector, companies like Consol Energy, Comstock Resources and Range Resources stand out as strong equity performers. High quality firms that have lagged the equity market include Exxon, Magellan and Plains All American.

Figures 3 and 4 show the detailed credit trends for Consol Energy and Range Resources since Dec-21. Both companies have experienced recent credit improvement, moving from the **b+** credit category to **bb-**.

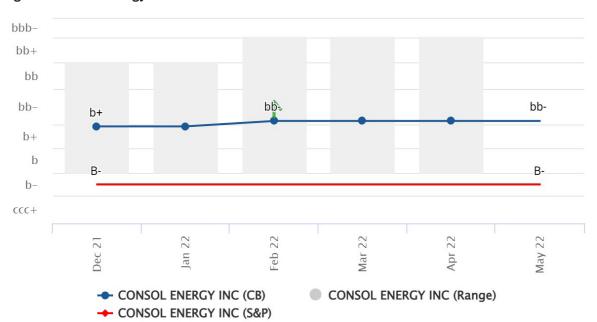
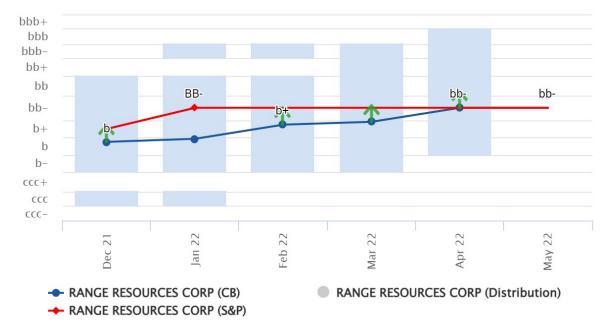


Figure 3: Consol Energy

Figure 4: Range Resources



The Credit Benchmark consensus dataset is now available on Bloomberg, supporting detailed comparisons between bank-sourced Credit Consensus Ratings, equity markets and bond/CDS prices. It includes a large number of Credit Consensus Ratings for companies that are unrated by the major NRSROs. For more information, <u>please get in touch with our team</u>.

About Credit Benchmark

Credit Benchmark provides Credit Consensus Ratings and Analytics based on contributed risk views from 40+ of the world's leading financial institutions, including 15 GSIBs, domiciled in the US, Continental Europe, Switzerland, UK, Japan, Canada, Australia and South Africa.

The risk views are collected, aggregated, and anonymized to provide an independent, real-world perspective of credit risk, delivered twice monthly to our partners. Credit Consensus Ratings and Analytics are available on over 60,000 corporate, financial, fund and sovereign entities globally, most of which are unrated by credit rating agencies. Credit Benchmark also produces over 1,200 aggregates, which help risk practitioners better understand industry and sector macro trends.

Risk professionals at banks, insurance companies, asset managers and other firms use the data to gain visibility on entities without a public rating, inform risk sharing transactions (CRT / SRT), monitor and be alerted to changes within the portfolio, benchmark, assess and analyze trends, and fulfil regulatory requirements and capital.

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Credit Benchmark®

Credit Consensus Ratings and Analytics

Real-world risk views with unparalleled consensus coverage.

Credit Benchmark provides Credit Consensus Ratings and Analytics based on contributed risk views from 40+ of the world's leading financial institutions, including 15 GSIBs, domiciled in the US, Continental Europe, Switzerland, UK, Japan, Canada, Australia and South Africa.

For regulatory and business reasons, these financial institutions have each created their own regulated internal credit rating agency to assess the creditworthiness of tens of thousands of obligors. Credit Benchmark collects, aggregates and anonymises this information to provide an independent, real-world perspective of risk, delivered twice monthly to our partners.

Credit Benchmark fills an information gap left open by traditional credit risk content providers by offering a timely, comprehensive view of credit risk which proves complementary to issuer-paid rating agencies and third party model vendors. The first of its kind "credit consensus" data reflects the expertise of more than 20,000 credit analysts across the contributing group – a powerful example of the wisdom of crowds.

Credit Consensus Ratings and Analytics are available on over 60,000 corporate, financial, fund and sovereign entities globally, most of which are unrated by credit rating agencies.

Data that works for you

Credit Benchmark data is available via our Web App, Excel add-in, API, flatfile download, and third-party channels including Bloomberg.

Contact us to learn more and to start a trial of Credit Benchmark data by <u>clicking here</u> or email <u>info@creditbenchmark.com</u>

Data Use Cases

- > Counterparty Risk Management
- > 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



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🗧 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







Months of Data



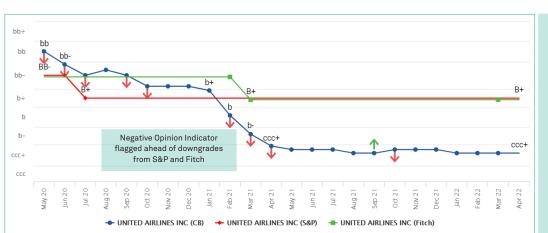
50+ Data Metrics



Contributing Financial Institutions Representing a Pool of 20,000+ Credit Analysts

Real-world risk views with unparalleled consensus coverage

Credit Benchmark



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

Consensus Analytics: Insights into the depth, dispersion, movement, and directionality of the Credit Consensus Rating's underlying views

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

Credit Benchmark Web App: Entity-Level Data Sample

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Credit Benchmark Web App: Data Screen Sample

Data that works for you:

Credit Benchmark data is available via our Web App, Excel add-in, API, flat-file download, and third-party channels including Bloomberg.

<u>Contact us</u> to learn more and to start a trial of our data.

Contact

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