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bondIT quarterly credit risk forecast indicates elevated credit risk across the world

The risk of Falling Angels has risen across the globe with 13.4 % of BBB issuers being at risk of losing their investment grade rating within the next 12 months

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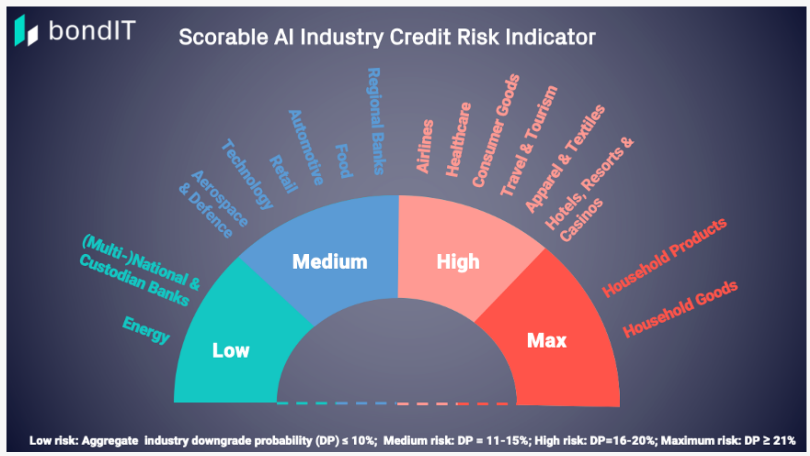

Scorable AI industry credit risk indicator

NEW YORK, NY, UNITED STATES, April 28, 2023 /EINPresswire.com/ -- bondIT, a provider of credit analytics and next-generation investment technology, today published the results of its quarterly credit risk forecast. Indicating an elevated credit risk across the globe, the analysis predicts the downgrade and upgrade probability of nearly 3,000 rated corporate and financial issuers worldwide within a 12-month time frame.

In contrast to previous quarters, its latest credit risk analysis sees an elevated concentration of industry risk in the medium to high-risk bracket. Moreover, the risk of Falling Angels has risen across the globe. 13.4 percent of BBB-issuers analyzed by bondIT are at risk of losing their investment grade rating within the next 12 months, an increase of nearly two percentage points compared to the previous quarter. The probability of Falling Angels is highest in Emerging Markets where nearly a quarter of BBB-rated issuers display a high or very high downgrade risk.

> Anticipating directional credit changes early, regular risk monitoring and rebalancing can help investors to stay on track toward their investment goals.”
>
> *David Curtis*

Rising inflation and economic uncertainty are exerting pressure on disposable incomes and affecting consumer spending, further compounded by increasing production and operating costs, creating a challenging environment for many companies.

As a result, companies that manufacture or sell household goods and products are at the highest aggregate risk of rating downgrades in the next 12 months, respectively at 26 percent and 28 percent each. The aggregated downgrade risk also remains high across many sectors such as airlines (19 percent), tourism (18 percent), and consumer goods (18 percent).


David Curtis, head of global client business, bondIT

The findings are based on insights from bondIT's credit analytics platform, Scorable, which helps asset and wealth managers turn data into actionable insights and enables them to anticipate critical rating changes ahead of the market. Through machine learning and explainable artificial intelligence, a set of processes and methods that allows human users to comprehend and trust the results and output created by machine learning algorithms, bondIT's rating transition model analyses more than 250 data variables daily, including solvency ratios, capital requirements, profitability, and efficiency ratios.

"While rising credit risk may present challenges, investors can still find opportunities to generate strong returns by effectively managing their exposures and building well-diversified portfolios," said David Curtis, head of global client business, bondIT. "Anticipating directional credit changes early, regular risk monitoring and rebalancing can help investors to stay on track towards their investment goals."

"Rising yields have breathed new life into the bond market. Higher returns, inflation protection, and diversification benefits are just a few of the reasons why investors are turning to bonds once again," said Dan Taylor, head of Americas, bondIT. "But not all bonds are created equal - investors should be on the lookout for issuers with strong creditworthiness, reliable cash flows, and a solid track record of meeting their debt obligations."

Read our blog for more insights and information on Scorable and which industries are most at risk of rating downgrades and which regions will see the highest percentage of Falling Angels.

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