

### **Default, Transition, and Recovery:**

## U.S. Credit Metrics Monthly: Default Rate Holds Steady At 11.1% In November

#### **Global Fixed Income Research:**

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After recent economic news offered some glimmers of hope, the speculative-grade default rate in the U.S. held steady at an estimated 11.1% in November. This level is unchanged from October. Credit metrics in the U.S. show continued deterioration of credit quality contrasted with stronger lending conditions and signs of life among new issuance.

- The stabilization in the default rate comes as fewer defaults are being recorded. However, the pool of high-yield issuers is also shrinking, which is keeping the default rate elevated. During November, eight companies defaulted, bringing the year-to-date total to 184. The defaults in November are attributable to six nonfinancial sectors and two financial sectors. For a list of publicly rated defaults during the month, see the table.
- The preliminary estimate for the U.S. 12-month-trailing speculative-grade default rate in November is 11.12% (subject to revision), in line with the 11.11% in October. We expect the speculative-grade default rate to decline to a mean forecast of 6.9% by September 2010, but it could reach 9.9% if economic conditions are worse than expected. (For more details, see "Global Bond Markets' Weakest Links And Monthly Default Rates (Premium)," published Nov. 16, 2009, on RatingsDirect.)

### Rated U.S. Corporate Defaults In November 2009

Date of default	Entity	Sector
11/2/2009	CIT Bank Ltd.	Financial institutions
11/11/2009	Libbey Inc.	Consumer/service sector
11/13/2009	Energy XXI (Bermuda) Ltd.	Energy and natural resources
11/16/2009	Energy Future Competitive Holdings Co.	Utility
11/16/2009	Mashantucket Western Pequot Tribe	Leisure time/media
11/17/2009	White Birch Paper Co.	Forest and building products/homebuilders
11/18/2009	Ambac Assurance Corp.	Insurance
11/20/2009	Integra Telecom Inc.	Telecommunications

Source: Standard & Poor's Global Fixed Income Research.

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## Global Fixed Income Premium Research

This article is part of our standard Global Fixed Income Research content. The premium version contains expanded analysis of the article's most significant points, typically broken out by sector and region. Also in the premium version are in-depth charts and tables, the underlying data of which are available for download. Click here for more information.

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