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About Credit Benchmark

Credit Benchmark provides Credit Consensus Ratings and analytics based on contributed risk views from 40+ of the world's leading banks, almost half of which are Global Systemically Important Banks (GSIBs).

Credit Benchmark collects, aggregates, and anonymizes these risk views to provide an independent, real-world perspective of credit risk in the form of Credit Consensus Ratings and analytics.

Credit Benchmark covers 105,000+ corporate, financial, fund and sovereign entities globally, 90% of which are unrated by credit rating agencies.

Credit Benchmark also produces over 1,200 credit indices, 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

German Corporates facing accelerated credit deterioration amid economic struggles

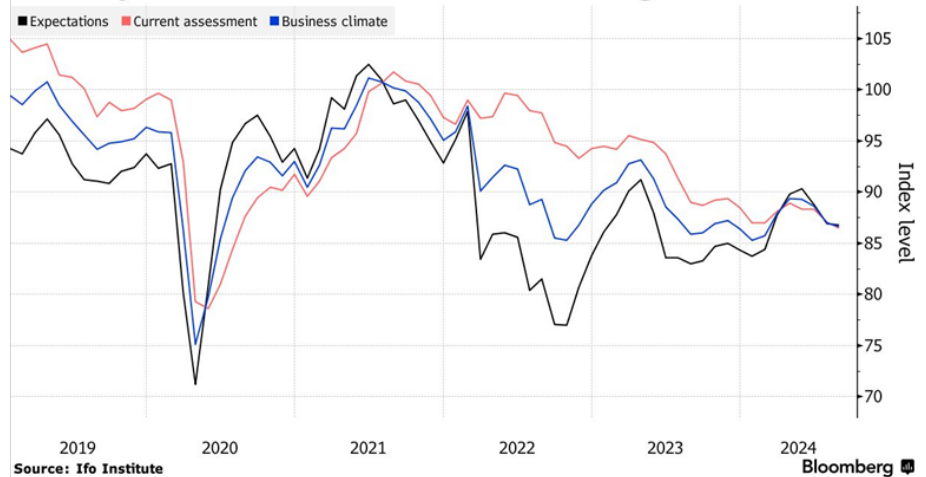
- **Credit Benchmark data shows German Corporates have second largest credit deterioration of all the major European economies.**
- **Consumer Goods, Healthcare and Basic Materials are the worst performing German industries.**
- **1-year credit outlook also negative; deteriorations continue to outweigh improvements.**

Germany faces growing economic and political challenges. While fiscal rectitude remains the bedrock of its historically rock-solid AAA Sovereign rating, the [FT has commented](#) on the scope for other factors to undermine that.

Growth is the primary concern, with GDP [recording a surprise Q2 drop](#) of 0.1%, against +0.3% for the rest of the Eurozone. Structural factors – like an aging population – are part of the problem; Ifo President Clemens Fuest recently commented: “The German economy is increasingly falling into crisis.”

And sluggish growth looks set to continue, with the Ifo business outlook [slipping back](#) to the Feb-24 level¹ (see chart below).

Germany's Business Outlook Almost Unchanged



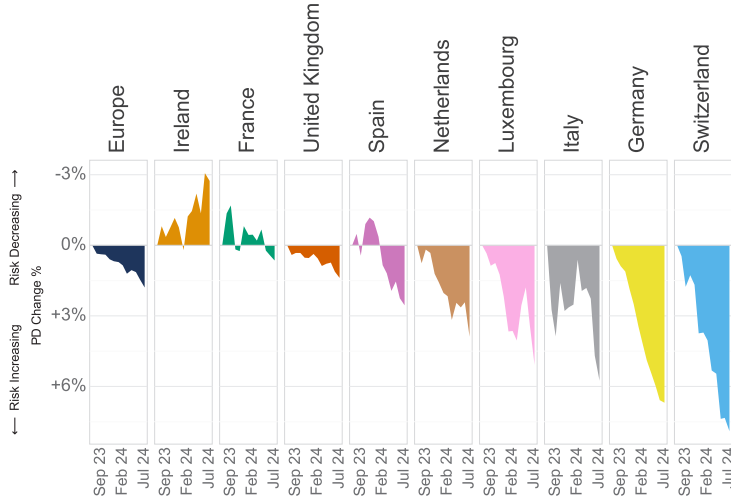
Recent gains in Thuringia for far-right party AfD suggest that economic difficulties are mirrored in political shifts, especially in the former GDR; but political tension and uncertainty can themselves undermine investment and growth prospects.

Consensus credit risk data from Credit Benchmark shows the impact across the German private sector (overpage).

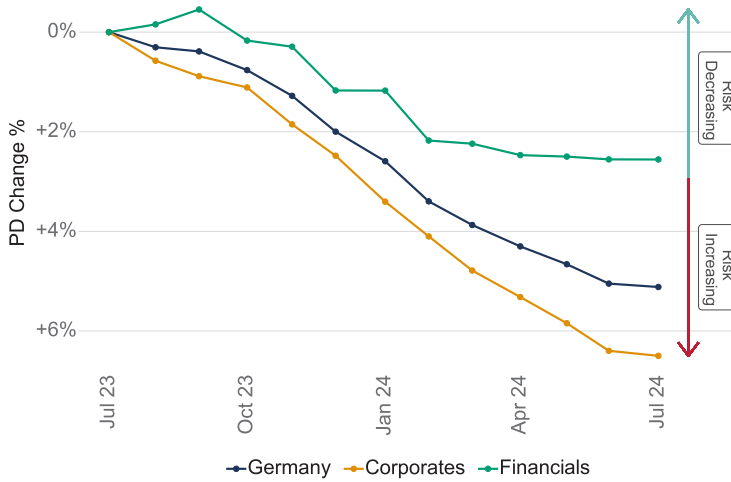
¹ The [S&P's Global Purchasing Managers' Index](#) for August is also below the contraction threshold for the 2nd month in a row.

Credit Spotlight on German Corporates

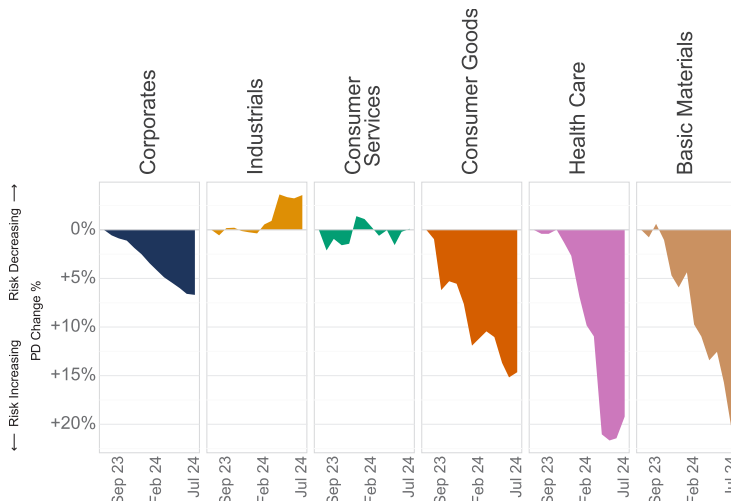
September 2024



In the past 12 months, consensus credit risk indices for German Corporates have posted the second largest credit deterioration of the major European economies. Probability of default risk shows a cumulative increase of more than 6% in the past 12 months, second only to Switzerland at around 9%. France is close to unchanged while Irish Corporates have actually improved 3% over the same period.



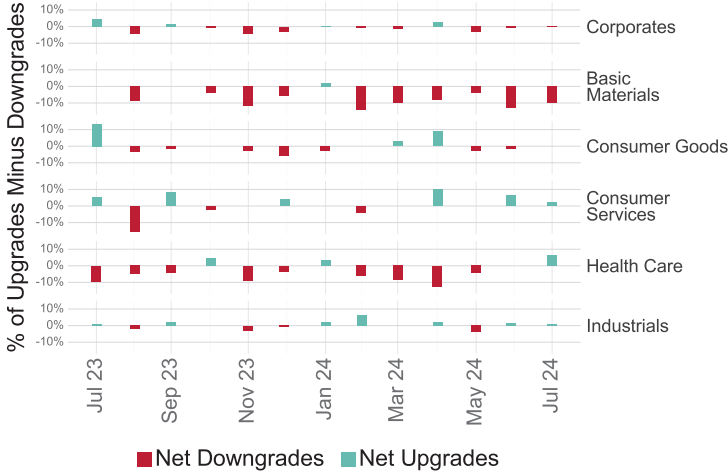
Credit Benchmark's consensus credit ratings index for German Financials also shows a modest but steady credit deterioration over the same period (+2%).



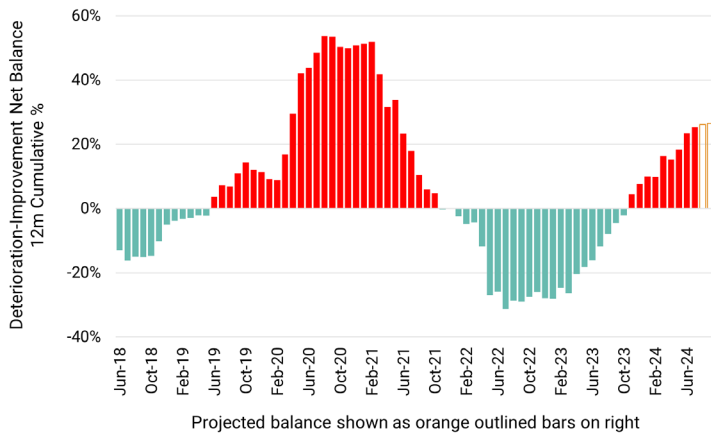
The worst performing credit sectors in Germany were Consumer Goods (+15%), Health Care and Basic Materials (+20%).

Credit Spotlight on German Corporates

September 2024



German Basic Materials have posted a 6th consecutive month of net credit downgrades; last July, 10% more companies has their credit rating downgraded rather than upgraded.



Credit Benchmark's 1-year credit outlook for corporates is also negative. This chart plots the rolling 12-month balance of deteriorating and improving probability of default risk estimate changes over the past few years. Credit deteriorations continue to outnumber credit improvements by a substantial margin.

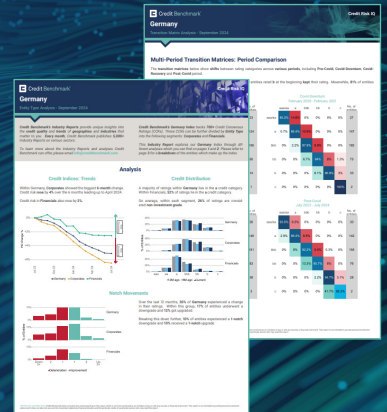
Credit Benchmark consensus credit data is updated twice-monthly; advanced analytics are now also available on the Credit Benchmark website via Credit Risk IQ industry reports. Register now for free access.

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