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Softer Traction In Some Asia-Pacific Economies But Growth Expected To Hold Steady

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*(**Editor's Note:** In the report published earlier today, we misstated the 2013 growth forecast for the Philippines in the second paragraph. The base-case real GDP figure for the Philippines in table 1 was correct in the original publication. A corrected version of the report follows. Standard & Poor's Ratings Services' regional Credit Conditions Committees aim to enable and promote systematic and consistent consideration of economic factors into our credit research and identify vulnerabilities and risks for issuers. This article draws on participants' views discussed at the Asia Pacific committee meeting held April 23, 2013.)*

Although Asia-Pacific continues to record strong real GDP growth relative to other regions, activity indicators in early 2013 suggest that the rebound that began in the second half of 2012 has lost some traction. As background, we would note that growth and exports generally picked up in the second half of 2012 on the back of more positive global developments, especially in the U.S. This was particularly true in the more open newly industrialized economies as well as in Thailand (owing to base effects from flooding a year earlier). India was the outlier, with growth continuing to decline.

As a result of this softer than anticipated traction, we have lowered slightly our base case forecasts of 2013 real GDP growth for some countries. This sees China revised to 7.9%, Hong Kong to 3%, India to 6%, Japan to 0.6%, South Korea to 2.8%, Singapore to 1.9%, Thailand to 4.2%, and Vietnam to 5.3%. An upward revision has been made to Malaysia, which is now 5.5%; Philippines, 6.5%; and Taiwan, 3.8%--reflecting the ongoing strength of those economies. Table 1 summarizes Standard & Poor's real GDP growth scenarios for Asia-Pacific.

Table 1

Standard & Poor's Real GDP Growth Scenarios For Asia-Pacific

	--Base case--			--Downside case--			--Upside case--		
(%)	2013f	2014f	2015f	2013e	2014e	2015e	2013e	2014e	2015e
Australia	2.9	3.0	3.5	2.4	2.4	2.7	3.0	3.1	3.6
China	7.9	8.0	8.5	6.5	6.0	6.2	8.2	8.4	8.8
Hong Kong	3.0	3.9	4.5	0.6	1.9	2.5	3.5	5.2	5.9
India*	6.0	6.7	7.0	5.0	5.5	5.7	6.5	7.2	7.6
Indonesia	6.3	6.2	6.2	5.6	5.8	5.5	6.4	6.6	6.3
Japan	0.6	2.0	2.1	0.4	1.2	1.2	1.4	2.2	2.3
South Korea	2.8	4.1	4.4	1.2	2.5	2.7	3.3	5.2	5.4
Malaysia	5.5	5.3	5.1	4.8	4.7	4.5	6.3	6.4	6.1
New Zealand	2.8	2.8	2.5	1.9	1.9	1.8	3.1	3.1	2.9
Philippines	6.5	6.3	6.0	5.5	5.2	5.0	6.8	6.6	6.3
Singapore	1.9	3.6	4.8	(0.2)	1.3	2.4	2.8	5.0	6.4
Taiwan	3.8	4.3	4.5	0.9	1.9	2.0	4.2	5.2	5.4
Thailand	4.2	4.4	4.7	2.5	2.8	3.0	4.6	5.7	5.9
Vietnam	5.3	5.5	6.0	4.5	4.6	4.8	6.3	6.5	6.9

f--forecast. e--estimate. *Fiscal year.

Driven by softer than expected consumption growth, China's first-quarter real GDP growth disappointed, coming in at

7.7%, or 0.2 percentage points below consensus. Singapore's first-quarter real GDP growth also was weaker than expected, with the economy contracting 1.4%. As a highly open and trade-dependent economy, Singapore provides a window through which to gauge the strength of external demand facing Asia.

Export growth, which began to rebound late last year, has started to soften again. Many economies in the region continue to face single-digit or even negative export growth on a year-on-year basis.

For Asia-Pacific's developed markets, despite the new Japanese government's spending-policy changes being under way, the fourth-quarter of 2012 real GDP came in below most participants' expectations, at 0.4% year-on-year, unchanged from the third quarter of 2012. In early 2013, the Australian economy will continue to outperform its advanced economy peer group, although the mining investment boom is continuing to slow.

Overview

- The pick-up in activity we saw in late 2012 faded somewhat in the first quarter of 2013 for most Asia Pacific economies.
- Single-digit export growth (in some cases, negative) and slowed industrial production contributed to slightly disappointing regional performance.
- The top risks for Asia Pacific are global ones: eurozone economic crises and the U.S. fiscal tightening. A sharp investment slowdown in China remains a tail risk at this juncture.

Real Growth To Date Softened In 2013, But It Is Expected To Hold Steady

Standard & Poor's base case outlook for Asia-Pacific is that growth in most of the region will hold steady or pick up slightly in 2013 and 2014, after having slowed sharply in 2012. The upside potential for the region is characterized by a stronger than expected global recovery, boosting trade and growth in Asia. In this scenario the "high beta" Tiger economies would outperform the "low beta" economies.

The notable exceptions to this outlook are Australia and Japan, for which we expect growth to be slower than in other countries. Prospects for strengthening U.S. growth, reduced tail risks in the eurozone, and supportive monetary policy are the positives for the region's outlook. Consumer price inflation pressures have generally eased, but remain elevated in India. Property prices are a concern in China and the money centers.

- We expect a mild recovery with steady growth in China as real GDP expands by 7.9% in 2013 and 8.0% in 2014. The central government's continued investment-led model is expected to underpin activity.
- We expect Japan's real GDP growth to slow to 0.6% in 2013 but pick up to 2% in 2014. There continues to be great uncertainty as to how successful the Bank of Japan's reflation efforts will be. Public expenditure should be the main support for growth this year, helped by private consumption ahead of the 2014 increase in the sales tax.
- Australia's economy is expected to slow as mining investment peaks. Growth is forecast to fall to 2.9% in 2013 from 3.5% in 2012, before improving slightly to 3.0% in 2014 as the non-mining economy responds more fully to easy monetary policy; the Reserve Bank now has its policy rate at a record low.
- India's growth forecast has been lowered to 6.0% in 2013 and 6.7% in 2014 on weaker consumption and exports.

The fiscal and current account deficits, as well as policy inconsistencies will weigh on confidence.
- Southeast Asia's relatively domestically driven economies, led by Indonesia, will perform well again, with growth of 5.6% in both 2013 and 2014. In contrast, the newly industrialized economies, which are more trade dependent, will continue to see below potential growth averaging around 3% in 2013, picking up to 4.1% in 2014 as the global recovery and trade growth broaden.

Weakening External Demand Poses The Main Downside Risk

Across Asia-Pacific the downside scenario could materialize from deterioration in the U.S. recovery or a deeper/longer recession in Europe, which we expect would result in weakening exports and capital flows. We think that, on balance, the downside risks for Asia-Pacific outweigh the upside risks.

- The downside scenario for China, to which we ascribe a probability of about one in five, is for growth to fall to 6.5% this year and 6.0% in 2014 as investment eases and weak external demand pulls down growth. In the upside case, we expect China's real GDP to expand at 8.2% in 2013, 8.4% in 2014, and 8.8% in 2015.
- For Japan, the downside scenario is characterized by a combination of weaker than expected domestic demand and larger trade deficits. In this case, we expect real GDP to fall in 2013-2014. An upside case could unfold from stronger public expenditures, which could lead to growth of 1.4% this year.
- Australia's downside scenario has growth weakening to 2.4% in 2013 and 2014, and 2.7% in 2015, driven by significantly weaker external demand for commodity exports. In the upside scenario, the economy expands at 3.0% in 2013, 3.1% in 2014, and 3.6% in 2015.
- For India, a downside scenario featuring a combination of weaker global risk appetite and a poor monsoon seasons would pull growth down to around 5.0% in 2013, 5.5% in 2014, and 5.7% in 2015. Upside growth would reach 6.5% in 2013, 7.2% in 2014, and 7.6% in 2015.
- Southeast Asia is a low beta region, meaning that the variation in growth from both the downside and upside would be within 0.5% of the baseline case; Malaysia and Thailand, the most open economies in Southeast Asia, would be most affected. Among the newly industrialized economies, Singapore and Hong Kong would both see contractions in the downside scenario (Korean and Taiwan would escape recession) but would see growth rise sharply to around 5.0% in the upside.

Top Global Risks

We expect that notwithstanding Asia-Pacific's economic performance relative to other regions, the fortunes of the region's economies (developed and emerging) are still vulnerable to: any deepening of the economic (or political) crisis in the eurozone; a slowdown in U.S. growth and ongoing fiscal management, and any slowdown in China's economy. As such, we see the top risks for the Asia-Pacific region as being:

- Eurozone developments, including execution risk in fixing the architecture and austerity policies and their negative feedback on growth and social fabric;
- Premature U.S. fiscal tightening that is characterized by greater tightening up front (rather than long-term reform) that hurts (including the sequester remaining in place);
- Investment growth pullback in China, which causes real GDP growth to drop. This could be triggered by problems in the nexus of property lending-trust accounts local government financing, including a potential bursting of the property bubble. We do not view this risk as particularly large in the near term, but see it becoming more critical as

China attempts to rebalance its economy;
- Japanese policy shift; and
- Changing capital flows across regions.

Standard & Poor's believes that the eurozone's debt crisis continues to be a key risk for global credit conditions in 2013 and 2014. While we believe that global economic and financial conditions are largely on the same track as in our formerly most recent update, the European economic engine continues to falter. We now forecast that the eurozone stays in recession this year followed by anemic recovery in 2014, instead of in the second half of this year. (See the related commentary titled "Europe Continues To Be The Achilles' Heel For Global Credit Conditions," published May 13, 2013, on RatingsDirect.)

The divergence in economic performance between the eurozone/U.K. and the U.S. will continue, in our opinion. The U.S. economy has sufficient positive momentum to weather the modest negative effects of sequestration-related spending cuts, in our view. Our assessment of U.S. conditions is fairly bright, and we expect economic expansion to quicken. A strengthening housing sector, a labor market that is showing signs of stability, booming energy-related production, and very accommodative monetary policy will continue to drive growth. We also continue to expect lawmakers in Washington to reach a compromise on a budget deal that encompasses both tax revenues and spending cuts, late this quarter or sometime in the third quarter. (See "U.S. Credit Conditions Remain Favorable Amid Ongoing Sequestration Cuts," published May 13, 2013.)

Overall, we still see global risks still mainly skewed to the downside. We see the potential for a deeper and prolonged eurozone slump, and U.S. fiscal policy developments as the top risks to global credit conditions. These risks have the potential to disrupt consumer, business, and investor confidence, and the flow of credit in the global economy--hurting consumer spending, business investment, and international trade, but resulting in increased risk aversion and capital outflows from emerging markets.

We are also monitoring the potential consequences of current easy monetary conditions--that have only been boosted by a new round of asset purchases by the Bank of Japan. Very loose advanced economy monetary policy could be fueling imbalances, and is generally encouraging strong credit growth and rising leverage that could lead to future credit problems. We are also concerned about the risks this poses to emerging markets as they manage very strong capital inflows and currency-appreciation pressures.

These risks and potential causes and effects are summarized in table 2.

Table 2

Top Global & Regional Risks

Risk	Likelihood	Trend	Potential Causes	Potential Effects
Contagion from eurozone problems	Plausible	Stable	Eurozone banking sector problems deepen and spread; Collapse of systemically important financial institutions; Eurozone recession becomes deeper/longer; Euro exit(s) or break-up that creates financial shock; Election of radical, non-Euro aligned political parties in key eurozone countries	Financial market turmoil; Increased investor risk aversion, with capital outflows from risk assets; Funding markets stressed; Credit spreads widen; Loose monetary policy continues; Flight to safe-haven currencies; Lower commodity prices; Tighter trade and capital flows; Uncertainty hurts consumer/business confidence, and consumer spending and business investment weakens; China slows down further; U.S. recession/slowdown

Table 2

Top Global & Regional Risks (cont.)				
Shock/uncertainty from U.S. fiscal negotiations	Plausible	Decreasing	Policy mistake/gridlock	Loose/easing monetary policy; U.S. slowdown; Credit spreads widen
China slowdown	Plausible	Stable	Disorderly deflation of real estate bubble; Uncontrolled banking sector and local government debt problems; Political crisis/social unrest lead to loss of confidence and economic disruption; Over-investment correction	Reduced Chinese imports of commodities, raw materials, capital equipment; Chinese consumer spending weakens, Chinese government spending increases; Adverse impact on global trade and growth; Lower commodity prices; Deeper/longer Eurozone recession; U.S. recession/slowdown; Credit spreads widen
Disorderly exit from quantitative easing	Plausible	Stable	Policy mistake; Adverse market reaction to monetary policy shift	Asset re-pricing/deflation (treasuries, equity markets, high-yield, and emerging markets); Higher interest rates and cost of capital; U.S. recession/slowdown; Slower capital flows to, and growth in, emerging markets
Japanese policy shift	Plausible	Positive	More aggressive monetary policy arrests deflationary mindset and reflate the economy	Japan returns to sustainable growth trajectory; Modest impact on global growth
Changing capital flows across regions	Plausible	Stable	Realignment or portfolio rebalancing across regions as a result of varying trade flows, sovereign risk , exchange rates and sentiment; Weak performance of major developed economies accompanied by QE.	Revaluation of currencies; Impact of relative import and export flows; relative competitiveness; Monetary policy initiatives; Commodity price movements; Asset and credit bubbles

Standard & Poor's downside scenario for the eurozone is about at least a one-in-three probability of a deeper and longer recession that extends into 2014. In this scenario, we expect eurozone real GDP growth to decline by 1.6% and 0.3%, in 2013 and 2014, respectively. The downside scenario could be caused by slowdown in the U.S or emerging markets, deterioration in capital markets, or further consumer retrenchment in Europe's core. The downside risks are substantial, particularly for consumption in France. We continue to view the likelihood of an upside economic scenario for the region as minimal in the near term, due in large part to the structural nature and depth of the crisis.

In the U.S the risk of recession (downside scenario) remains at 10% to 15%. However, the downside scenario now calls for very low growth--i.e., recessionary conditions--rather than a traditional recession (typically defined as two consecutive quarters of contraction). In this scenario, U.S. real GDP would rise 0.8% this year (versus the previous forecast for a small decline). The downside scenario could be brought about by a policy mistake as the government fails to agree on a fiscal deal, as well as external shock (e.g., from the eurozone). In the upside scenario, to which Standard & Poor's still assigns a 15% to 20% probability, real GDP expands 3.4% this year. The upside scenario entails more normal, healthy growth rates, characterized by stronger recovery in housing and more robust growth in consumer and business spending.

The probability of a China correction is linked to the Chinese government's intention to rebalance its economy to be less investment-focused and more consumption-focused. The downside scenario is where investment slows faster than consumption grows. While this may help address the investment overhang, the lack of consumption growth as compensation for lower investment activity could lead to a decline in Chinese GDP growth if not managed by the central government. The proposal is that this downside scenario would be characterized by real GDP growth of 6%, with a probability of about 1 in 5.

Sector Outlooks

Sovereigns

In our view, the near-term external risks to economic and sovereign credit trends in Asia-Pacific have abated somewhat. Despite the U.S. spending sequester beginning in March, we continue to project U.S. growth at 2.7% in 2013, compared with 2.2% growth in 2012, on the belief that these spending cuts will not drag on economic growth for the whole year. In addition, the risk of the eurozone unraveling has receded even if the economy is still expected to shrink this year.

Despite our expectation of improvements in the external environment, we still see adverse changes in the world's developed economies as the main risk to Asia-Pacific. In the meantime, capital inflows associated with monetary easing in the major developed markets also increase the risk of excessive credit growth and asset price inflation in the Asia-Pacific.

We also see risks to regional sovereign creditworthiness nearer home. In this regard, some policy measures that have helped economic and financial stability up to this point could have come at the cost of heightening future vulnerabilities. Supportive monetary policies in some parts of the region, for instance, have led to credit growth outstripping economic growth since 2008. The higher leverage could have weakened financial stability.

Geopolitical tensions in Asia-Pacific remain a risk to regional stability. Occasional friction between China and Japan over their activities around the isles of Diaoyu/Senkaku has continued. A military conflict is in nobody's interest, but policymakers in Beijing and Tokyo cannot prevent all accidents that could occur when their respective naval units are operating in the region. Accidents that could escalate beyond policymakers' intentions are possible. In some scenarios, the economic impact on the East Asian region could be significant enough to weaken creditworthiness for some Asia-Pacific sovereigns.

The China-Japan territorial dispute is not the only geopolitical tinderbox in the region. Military encounters and regional tensions could also arise out of incidents among various claimants of territory in the South China Sea. In addition, the leadership change in North Korea does not seem to have reduced the country's nuclear ambitions.

Banks

Asia-Pacific financial institutions will continue to face trials in 2013. Although the region's economy is likely to show a moderate recovery in 2013 after declining in 2012, Standard & Poor's Ratings Services expects factors constraining the asset quality of Asia-Pacific banks to persist. Changes in banks' credit costs tend to lag movements in economic cycles, and some headwinds in the global economy, such as negative GDP growth in the eurozone.

Hikes in property prices--some fueled by easy monetary conditions in the global market--pose additional risk to banking systems in many countries. In contrast to Europe and the U.S., private-sector credits in Asia-Pacific have grown over the past several years. In our view, the fast pace of loan growth, particularly in emerging markets, could encourage excess investment and lead to economic imbalances. In addition, the low interest rate environment and intense competition are squeezing banks' loan margins, which may in turn constrain their revenues. Banks will be required to execute cautious credit control as well as proper pricing and growth strategies.

Despite ongoing constraints on asset quality and earnings, we believe adequate capitalization, strong liquidity, and government support will underpin our ratings on most Asia-Pacific banks. Currently, 78% of our outlooks on Asia-Pacific bank ratings are stable. However, our outlooks on the ratings on half of the banks in Japan and all of the banks in India are negative, reflecting our negative outlooks on these sovereign ratings, while other sovereign ratings in the region have stable outlooks. We view the stand-alone credit profiles (SACP) of most Japanese banks as stable. In India, we believe stresses on the banking sector's earnings and asset quality are close to abating and expect performance to start improving in fiscal 2015 (ending March 31, 2015).

Insurance

Fundamental insurance premium growth in developing and underinsured markets, a history of managing lower interest rates, improved non-life pricing post catastrophe events of recent years, and regulatory consistency in most markets place the region's insurers well to withstand global risk. Non-life is seeing rising premium rates along with some capacity constraints in markets such as Japan, Thailand, and New Zealand, with price increases offsetting some economic slowdown. We still see some exposure to natural disasters, plus developing preparedness and risk management in developing markets.

For the life sector, managing low interest rates and capital stress are the major issues, and we see increased capital and hybrid raisings as a result, with China slowing its growth under these constraints. Weakening or slowing economic conditions are impacting growth, but growth is still stronger than in other regions. Risks remain from volatility in investment markets, asset/liability mismatches, and a prolonged low interest rate environment in some markets such as Japan and Taiwan, but these markets have been used to managing these risks for many years. Australia remains unusual as a high-growth but low-product risk market. Lower economic growth has reduced profit prospects in the region, with associated increased lapse rates and disability claims in the life sector, along with lower investment returns.

The reinsurance market has enjoyed post-catastrophe premium rate rises, but we now see a slight shift to more competitive conditions in non-catastrophe businesses, plus increased property capacity from opportunistic entrants that will soften pricing, and associated capital growth constraints for some local or regional reinsurers.

Corporates & Infrastructure

We believe that downgrade pressure on corporate issuer credit ratings in Asia-Pacific is likely to continue. Cyclical lows imply that some corporate sectors will face more stress than others notwithstanding our expectation of continued regional economic growth, supported by China's slight recovery from its 2012 slowdown.

Industry sectors facing most cyclical pressure include those in the building materials, metals and minerals, and chemicals sectors. Other sectors facing less but still some strain are those in consumer products and food, retailing, real estate development, capital goods, and utilities. Slightly better placed are companies in transportation and infrastructure, high technology, gaming and media, telecommunications, and auto. Meanwhile, issuers in real estate investment trusts, oil and gas, and project finance have a net neutral to slightly positive ratings bias.

The realization of potential risks could affect the regional economy. Any material slowdown in China, contagion from the crisis in the eurozone, a double-dip recession in the U.S. economy, and, while currently remote, an oil-price shock, could alter such a situation. One or more of such events occurring would impact export demand for goods from China and, to lesser extent, Japan. This in turn would affect commodity prices, to which minerals-exporters such as Australia are exposed. Another concern is the risk that regional corporates may have overcommitted to capital expenditure in anticipation of a stronger recovery in demand than is proving to be the case. We are also watching the relative movements in regional currencies and interest rates. For example, a depreciation of the Japanese yen could affect the relative competitive position of Japanese versus Chinese and Korean exporters, weakening the margins of the latter. Some industries face sector-specific risks, such as technology risk for electronics companies and regulatory risks for housing and telecommunications.

International Public Finance (Local & Regional Governments)

For international public finance, we consider the primary macroeconomic risk to several of Asia-Pacific's local and regional governments (LRGs) as being their ability to collect corporate taxes. LRGs reliant on property rates, such as those in New Zealand, Japan, and Australia, are not as vulnerable to national GDP conditions as many other LRGs tend to be.

In Australia, the main risks to LRGs relate to consumption, specifically for the state governments that rely on the goods and services tax (GST) to fund services; and house prices, with stamp and conveyancing duties being reliant on houses being bought and sold rather than sat upon. As we see it, unfavorable exchange rates lend weight to reports that Australian small businesses are feelings things worse than they did during the global financial crisis; the reports are supported by a record high in arrears for self-employed debt-holders in the RMBS portfolio. We suspect that small businesses are feeling the effects of the wind up of stimulus packages that encouraged consumer spending post global financial crisis--with the stimulus no longer in effect, consumers are no longer spending on GST items.

Structured Finance

In structured finance, credit conditions are generally satisfactory and the trends are stable. Despite the ongoing economic uncertainties in the eurozone, which have had flow on trade and capital flows effects in Asia-Pacific, the unemployment rate remains low for countries such as Australia and Japan, where most structured finance credits are outstanding. This bodes well for a stable RMBS and ABS performance, which has displayed strong resilience through periods of slowdown in Japan and certain industry sectors in Australia after global financial crises and natural disaster related impact. While Australian prime RMBS sector has a significant exposure to lenders mortgage insurance (LMI) cover, most senior ranking notes can withstand some potential negative rating actions on LMI providers (currently in 'AA' category). The subordinated classes of prime RMBS are more vulnerable to LMI providers' creditworthiness. While the commercial mortgage-backed securities (CMBS) sector has reduced substantial in size, the outstanding CMBS will continue to be sensitive to forced collateral liquidations after loan defaults, especially for non-investment grade categories. Most structured credit transactions are synthetic in nature and tend to follow global trend, as the reference entities are similar and reflect overall credit cycles.

Table 3

Sector Summary

	Business conditions	Business outlook	Financial trends	Sector outlook
Corporates				
Automakers and components	Satisfactory	Somewhat stronger	Same	Stable
Building materials, forest products and packaging	Satisfactory	Somewhat weaker	Same	Stable to Negative

Table 3

Sector Summary (cont.)				
Capital goods, machinery	Weak	Somewhat stronger	Same	Stable to Negative
Chemicals	Satisfactory	No change	Same	Stable
Consumer products, food	Satisfactory	No change	Same	Stable to Negative
Diversified	Satisfactory	No change	Same	Stable
Gaming	Satisfactory	Somewhat stronger	Same	Stable
High technology	Weak	Somewhat stronger	Same	Stable
Metals and minerals	Weak	Somewhat stronger	Same	Stable to Negative
Oil and gas	Satisfactory	No change	Same	Stable
Project finance	Satisfactory	No change	Same	Stable
Real estate development	Satisfactory	Somewhat stronger	Higher	Stable
Real estate investment trust	Satisfactory	No change	Higher	Stable
Retailing	Satisfactory	No change	Same	Stable to Negative
Telecommunications	Satisfactory	No change	Same	Stable
Transport (airline)	Weak	Somewhat stronger	Same	Stable
Transport (shipping)	Weak	No change	Same	Stable
Transportation - infrastructure	Satisfactory	No change	Same	Stable
Utilities	Satisfactory	No change	Same	Stable
Financial Institutions				
Large Complex Banks	Satisfactory	No change	Same	Stable
Regional Banks	Satisfactory	No change	Same	Stable
Finance Companies	Satisfactory	No change	Same	Stable
Public Finance	Satisfactory	No change	Same	Stable
Insurance				
Life Insurance	Satisfactory	No change	Lower	Stable to Negative
Property and Casualty Insurers	Satisfactory	No change	Same	Stable
Reinsurers	Satisfactory	Somewhat stronger	Lower	Stable to Negative
Structured Finance				
RMBS	Satisfactory	No change	Same	Stable
ABS	Satisfactory	No change	Same	Stable
CMBS	Weak	No change	Same	Negative
Structured Credit	Satisfactory	No change	Same	Stable