

Private Credit – The Final Reckoning (Second of a Series)

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Those who talk about risks in private credit should also keep in mind that investors always look at relative risk. For example, Moody’s analysts observe that without a sustained downturn since the GFC, “private credit has not been truly tested, only quizzed.”

Fair enough. But how did public credit fare over that period? As the analysts also remarked, “Covid defaults could have been materially worse without private credit.” And when the Fed started cranking up interest rates in 2022, the leveraged loan market went off-line for two years! Direct lenders again came to the rescue. Failing quizzes is still failing...

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