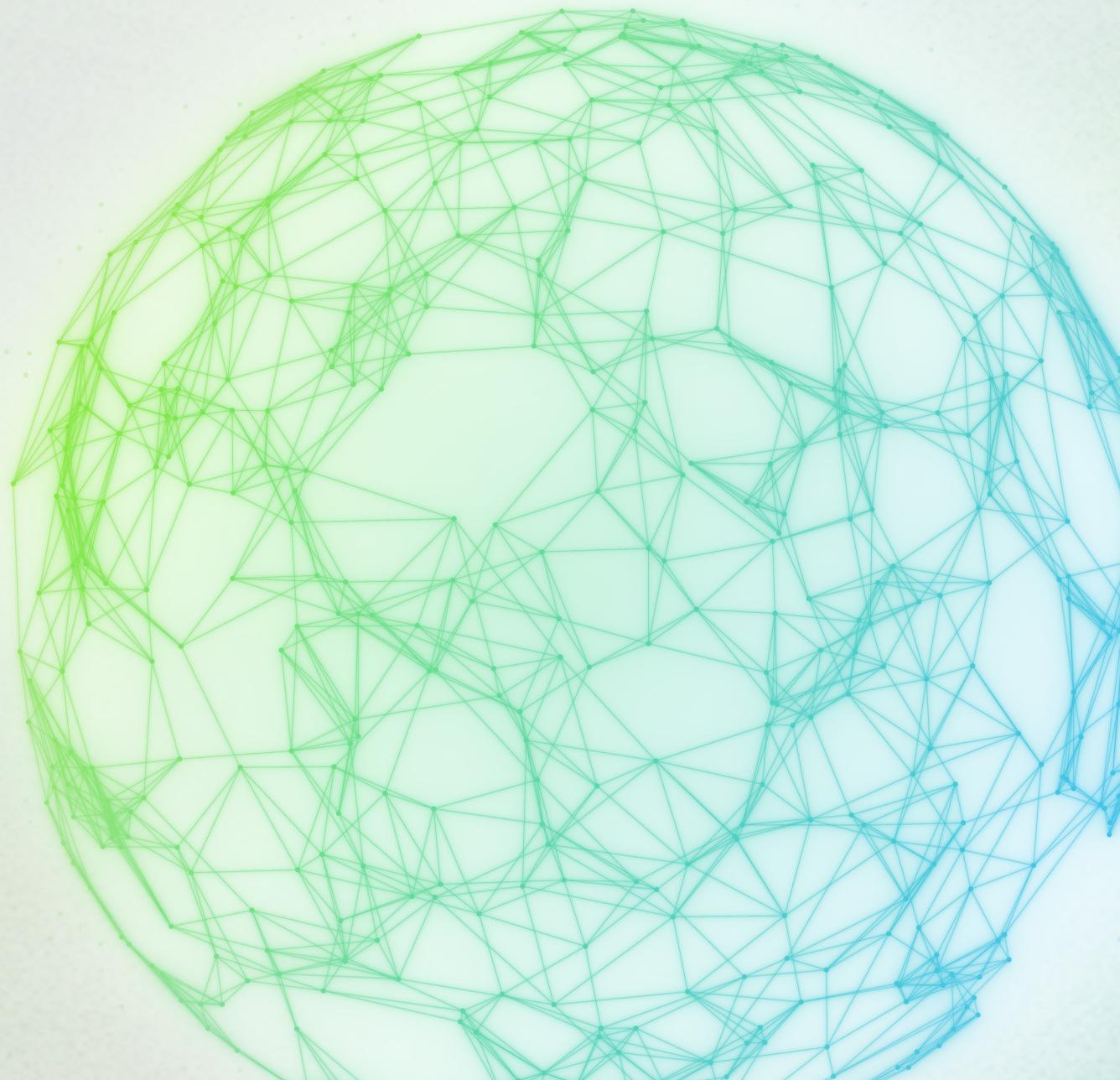


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US restructuring outlook 2026



Foreword

We are pleased to present our US restructuring outlook for 2026, an analysis of the restructuring landscape in the United States. This report builds on the insights from 2025 and explores the trends, challenges, and opportunities that likely lie ahead in 2026.

Our analysis draws on data from a variety of sources, including industry reports and proprietary research. This report is intended to provide insights for existing and prospective clients as they navigate the complexities of the restructuring environment and identify opportunities in 2026 and beyond.

2026 outlook at a glance

Distress remains broad-based, shifting from sudden liquidity collapses to slow-burn balance-sheet stress as borrowers navigate higher coupons, selective refinancing windows, and margin compression.

We expect conditions to evolve at two speeds: Headline inflation should improve and the Federal Reserve's (Fed) policy interest rate may decline gradually, but volatility may persist in trade policy, key commodity inputs, and labor availability.

Mix shift: There may be fewer maturity-driven events for issuers able to access refinancing options; more engagements driven by operating underperformance, event risk, and capital structure mismatches.

Filing momentum into year-end supports a steady restructuring pipeline entering 2026.

Private credit continues to provide capital solutions for distressed businesses and exit options for traditional lenders, influencing both in-court and out-of-court pathways.

Key stress concentrations remain in industrials, consumer discretionary, and health care, with more visible pockets of distress emerging in consumer staples.

Themes to watch include cross-border Chapter 11 usage, execution risk in AI-enabled transformations, policy-driven deadline effects in the energy transition, and power grid constraints shaping AI infrastructure build-outs.



2025 bankruptcies

Chapter 11 filings year over year—the big picture

All commercial filings¹



Filings \$2M+ assets/liabilities²



US corporate Chapter 11 filings by year



Source: S&P Global Capital IQ.³ Companies with reported assets or liabilities of \$2M+ at filing.

US corporate Chapter 11 filings by quarter



Source: S&P Global Capital IQ.⁴ Companies with reported assets or liabilities of \$2M+ at filing.

Key drivers and trends from 2025

Distress remained broad-based through 2025, but it shifted from sudden liquidity collapses to slow-burn balance-sheet stress as borrowers navigated higher coupons, selective refinancing windows, and margin compression.

Chapter 11 filings

The past year saw a 1%⁵ increase in total commercial bankruptcy Chapter 11 filings compared with 2024. Those with at least \$2 million in assets or liabilities saw a stronger increase in activity of 14% over the same period.⁶ This data suggests a decrease in smaller commercial filings, offset by an increase in those with \$2M+ in assets/liabilities.

The number of filings by quarter showed momentum upward throughout the year, with fourth-quarter filings reaching 166—higher than the previous peak of 162 in the second quarter of 2024, indicating restructuring activity may be accelerating into 2026.⁷

Rising tariff uncertainty

Trade policy became a more significant factor in 2025, as US tariff actions shifted quickly and frequently. Average effective tariffs rose during the year, but the more acute pressure for businesses came from heightened uncertainty and planning risk.

The Economic Policy Uncertainty Index rose from 1,319 at the end of 2024 to a peak of 7,955 in April 2025 and ended the year at 3,173.⁸ Tariffs also contributed to distress downstream from direct cost issues, including inventory dislocations, supply chain rerouting costs, softer customer demand, and contractual disputes across procurement and logistics.⁹

Nonbank lending and private credit

Direct lending and other private credit structures remained a meaningful driver of restructuring activity, as the market continued to grow and borrower stress became more visible. Credit metrics also weakened during 2025: About 12% of borrowers now have negative cash flow and about 13% have interest coverage below 1.0 times, compared with roughly 7% to 8% one year earlier.¹⁰

Payment-In-Kind (PIK) interest is often used to manage near-term cash interest requirements, but it can compound leverage and accelerate the need for a more complex restructuring if operating performance does not improve. Looking ahead to 2026, we expect credit quality among private credit borrowers to weaken further. Margin compression and higher leverage are likely to keep downgrades elevated and contribute to additional defaults.¹¹

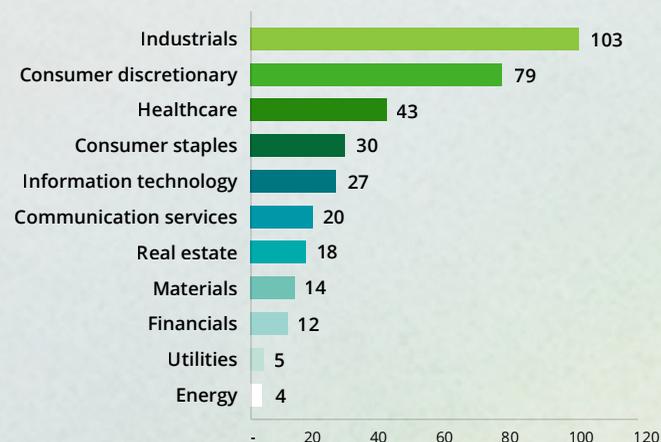
Consumer confidence

Consumer confidence remained low throughout 2025. The University of Michigan Consumer Sentiment Index fell from 74 at the end of 2024 to 51 as of November 2025.¹² Consumer spending nevertheless showed resilience during 2025 despite subdued optimism, with real consumption growth projected at 2.1% for the year ending 2025.¹³

Deloitte forecasts a slowdown to 1.4% in 2026 as households contend with high interest rates and weaker job growth among other factors.¹⁴ Wage growth has recently outpaced spending, which has provided some relief, but rising delinquency rates and slowing employment gains point to growing financial strain.¹⁵

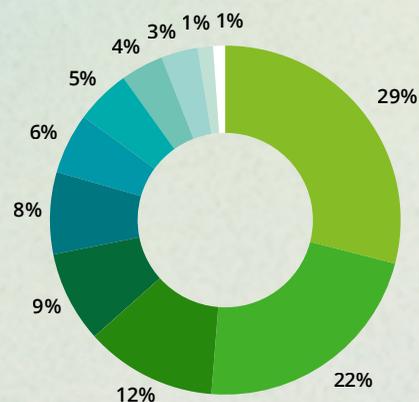
2025 sector review

2025 corporate Chapter 11 filings by sector



Source: S&P Global Capital IQ.¹⁶ Companies with reported assets or liabilities of \$2M+ at filing.
 Note: There were 260 companies in the data set with an undisclosed sector.

2025 corporate Chapter 11 filings by sector title



Source: S&P Global Capital IQ.¹⁷ Companies with reported assets or liabilities of \$2M+ at filing.
 Note: There were 127 companies in the data set with an undisclosed sector.

Sector insights from 2025

Industrials, consumer discretionary, and health care remain the top three sectors for bankruptcy filings in 2025. This top trio is unchanged from 2024; however, within the trio the order has changed, with industrials seeing the highest level of filings in 2025 with a total of 103 cases making up 29% of the overall picture.¹⁸

Industrials

Elevated interest rates, persistent inflation, and tariff pressures reduced margins and increased refinancing risk across the sector.¹⁹ Continued margin pressure and refinancing challenges, with many companies pursuing technology adoption and operational transformation as part of restructuring efforts.²⁰ Expect continued activity where margin recovery lags and balance sheets remain burdened by legacy leverage.²¹

Consumer discretionary

High borrowing costs and tightening household budgets pushed consumers to trade down, while retailers faced high fixed costs and elevated inventory risk.²² Pressure remains most acute in big-box home decor and furnishings, specialty retail, and apparel as discretionary spending slows.²³ Restructurings will continue to be shaped by lease burdens, inventory management, and the pace of consumer demand normalization.

Health care

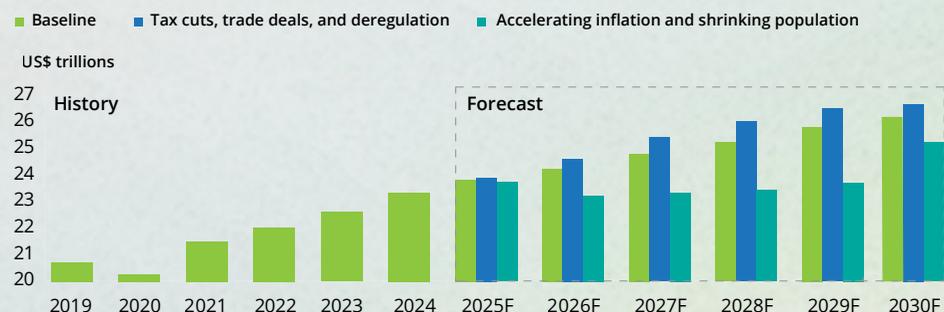
Operators were squeezed between persistent cost inflation (particularly labor) and reimbursement rates that often failed to keep pace with the underlying cost of care.²⁴ High fixed-cost structures and legacy leverage remain pressure points, with distress extending into health care-adjacent services and devices. Expect continued focus on liquidity, labor cost containment, and rationalization of underperforming facilities and service lines.²⁵

Consumer staples

Input-cost volatility, promotional intensity, and higher financing costs squeezed already-thin margins across many food and household product value chains. Pockets of distress persist where margin recovery lags, promotional spending remains high, and working-capital requirements stay elevated. Even with defensive demand profiles, leverage and liquidity constraints can overwhelm fundamentals for stressed midsize players.

Looking ahead

Real GDP growth



Note: "F" denotes forecast.
Source: Deloitte analysis.

Themes for 2026 and beyond

As 2026 get under way, we expect conditions to evolve at two speeds. Headline inflation is likely to improve, and the Fed's policy interest rate may decline gradually.²⁶ However, volatility may persist in trade policy, commodity inputs, and labor availability, particularly for service-intensive sectors.

Macroeconomic conditions

With inflation expectations continuing to cool²⁷ and the Fed's policy interest rate projected to drift lower, 2026 should offer a more constructive backdrop for capital markets access. Market-based measures of inflation remain close to levels consistent with long-run targets, with five-year breakeven around 2.25%²⁸ and longer-run inflation expectations (the five-year by five-year forward expectations) around 2.24%²⁹ in late 2025.

Consumer inflation expectations appear to be moderating as well. A University of Michigan survey shows one-year-ahead expectations falling to 4.2%³⁰ in December 2025 (lowest since January 2025) and long-run expectations easing to 3.2%.³¹ At the same time, operating cost inflation remains elevated: the Employment Cost Index for total compensation has risen about 5.4%³² since early 2024, and intermediate manufacturing inputs picked up as the Producer Price Index for Materials and Components for Manufacturing increased by 4.6%.³³ Labor supply trends are also less supportive, with the civilian labor force rising only modestly in 2025 by about 0.5%—well below the trend since the peak of the COVID-19 pandemic.³⁴

Other potential economic factors:

- Trade and tariff uncertainty remains a meaningful planning risk and can drive distress through both direct cost pressure and downstream disruptions.
- Operating cost inflation remains elevated in areas most important to cash conversion, particularly labor and key manufacturing inputs.
- Labor availability may remain tight, keeping pressure on service-intensive cost structures and on execution of turnarounds.

Implications for restructuring mix

Taken together, these forces should shift the mix of restructurings in 2026. A gradual easing in the Fed's policy interest rate could lessen maturity-driven restructurings for issuers that can tap private credit markets or refinance through traditional lenders. However, for borrowers facing weaker earnings quality, poorer cash conversion, or persistent cost pressure, lower base rates will not be enough to offset margin and working-capital strain.

As a result, we expect fewer "maturity wall" liquidity events, but a higher share of engagements triggered by operating underperformance, event risk, or capital structure mismatches that become more acute even as short-term rates drift lower.

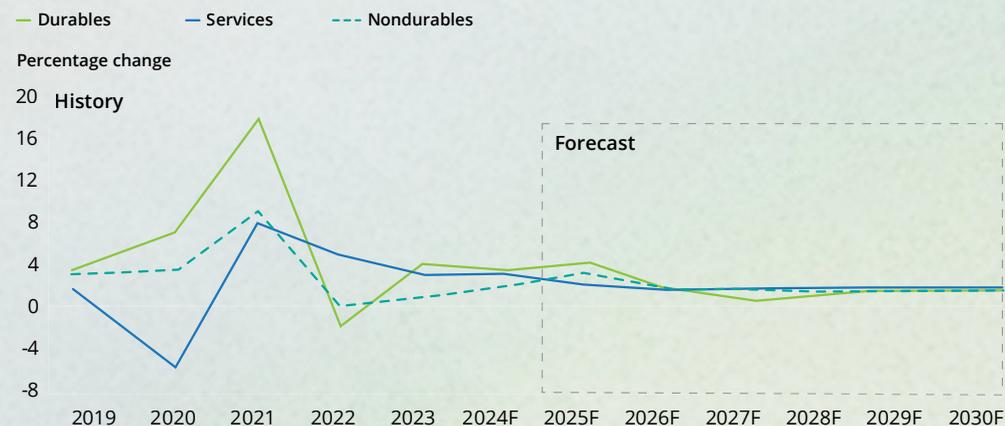
Cross-border Chapter 11 filings

In 2026, we expect cross-border Chapter 11 activity to remain elevated as financially stressed non-US companies seek the predictability and restructuring tools available in US bankruptcy courts, particularly where domestic alternatives are narrower in scope or less tested in complex capital structures.

Recent airline cases illustrate this approach. Azul SA filed for Chapter 11 protection in May 2025, using the process to restructure its balance sheet and address aircraft and engine lease obligations in ways that are often difficult to achieve under local proceedings. Chapter 11 can provide time and leverage to stabilize operations while a restructuring is negotiated in line with prior airline precedents.

2026 sector considerations

Consumer spending growth



Note: "F" denotes forecast.
Source: Deloitte analysis.

Economic reacceleration

Early high-frequency indicators point to a strong economic start to 2026. As of January 9, 2026, the Federal Reserve Bank of Atlanta GDPNow model estimated real gross domestic product growth of 5.1% for the fourth quarter of 2025, signaling meaningful momentum entering 2026.³⁵

Stronger than anticipated growth can still contribute to restructuring activity if it keeps inflation elevated and delays monetary easing. In that scenario, distress may shift away from demand weakness and toward balance-sheet complications. Companies that made it through 2025 using liquidity, covenant flexibility, or maturity extensions may face renewed pressure if refinancing costs remain high and if wage and input cost pressure intensifies with faster activity.

Pressure from a reacceleration would likely be felt most acutely in sectors with thin margins, including consumer discretionary, distribution, and other sectors where policy frictions (including tariffs) add incremental pressure to goods prices.

Sector-specific themes in 2026

Energy, renewables & electric vehicles

Clean energy sponsors and lenders enter 2026 facing a sharper policy and financing deadline effect, as the One Big Beautiful Bill Act recalibrates Inflation Reduction Act era credit availability and timing. The legislation introduces tighter eligibility requirements and more compressed timelines, increasing diligence and compliance burdens around credit transfer and other monetization approaches that many projects used to close.³⁶

Projects underwritten with tax credit proceeds in the capital stack often rely on those proceeds to reduce funded debt, support covenant ratios, or bridge construction liquidity. If a project misses a key deadline or fails to satisfy updated eligibility requirements, the impact can surface quickly as higher leverage, weaker covenant headroom, and tighter liquidity. Higher labor and materials costs are also pressuring project economics, and a narrowing qualification calendar adds additional execution risk— together, these factors can quickly turn what had been a meaningful margin of safety into a funding gap.

Chemicals

As the chemical industry faces sluggish demand, overcapacity and heightened uncertainty in 2026, many companies will need to focus on profitability and long-term transformation. Demand will likely remain uneven in key end markets, while persistent overcapacity in basic chemicals continues to pressure operating rates and profit margins.³⁷

Retail

In 2026, retailers may face a structural shift toward value-seeking behaviors as consumers contemplate what constitutes a fair price. Our value-seeking consumer research finds that four in 10 Americans now demonstrate deal-driven or cost-conscious habits, and even higher-income households are reassessing what "value" means. Nearly seven in 10 retail executives surveyed agree that behaviors such as trading down, shopping value channels, or swapping convenience for savings represent a structural change, not a temporary response to inflation.³⁸

Health Care

US health system leaders are notably cautious, partly due to ongoing uncertainties regarding tariffs, drug pricing, and regulatory changes. Those broader macro factors are compounded with labor market challenges – attracting and retaining clinical staff is a challenge for hospitals around the world as populations age and fewer professionals enter the workforce. The World Health Organization projects a shortage of 4.5 million nurses by 2030.³⁹

Artificial intelligence

In the year ahead, restructuring outcomes may increasingly depend on whether a company can finance and execute an AI-enabled transformation quickly enough to help stabilize revenue and protect margins.

The rapid development in this space creates both opportunities and threats across industries. In 2026, we will likely see a lot of experimentation, a general augmentation of capabilities, and a slow restructuring of the SaaS market, with AI-first companies competing. This evolution should disrupt traditional pricing models and will likely introduce new complexity in both software implementation and monetization—potentially redefining the entire SaaS business model.⁴⁰

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