



18-Feb-2026 | 11:15 EST

Dow Chemicals Ratings Lowered One Notch To 'BBB-' On Intensifying Petrochemical Downturn; Outlook Negative

[View Analyst Contact Information](#)

     
• We believe the severity and duration of the ongoing petrochemical downturn could increase. That belief--along with Dow Chemical's high debt levels--has weakened our estimates of Dow's future credit metrics versus our previous expectations.

- As a result, we lowered our issuer credit ratings on Dow and its subsidiaries to 'BBB-' from 'BBB'. In addition, we lowered all issue-level ratings to 'BBB-' and the short-term ratings to 'A-3'.
- The negative outlook reflects the risk that the current volatile environment could weaken the company's performance relative to our current base-case assumptions, which could lead to another downgrade. We assume in our base case that in the absence of unexpected setbacks or delays, steps taken by the company to improve its cost structure, cash flow, and balance sheet would support current credit quality.

NEW YORK (S&P Global Ratings) Feb. 18, 2026—S&P Global Ratings today took the rating actions listed above.

We expect only slow improvements to Dow's credit metrics despite the company's announcements of further efforts to improve its cost structure. We believe the ongoing downturn will likely intensify toward 2027 and could extend beyond that year. We now elieve that Dow's credit metrics won't improve quickly enough to levels appropriate for the previous ratings. Additionally, at year-end 2025, Dow had slightly higher net (of cash) debt than we previously anticipated, creating a slight drag on our previous projected improvement in credit metrics. Modestly higher-than-expected working-capital outflows and lease liabilities as well as a slight shortfall in earnings (after accounting for costs incurred to achieve cost savings) contributed to the higher debt. In our base case, at the current ratings, we expect the company to achieve a ratio of funds from operations to total debt of around 15% on a weighted-average basis considering 2026 through 2028. At year-end 2026, considering only that single year, we think Dow will fall slightly short of this level but will exceed it in 2027 and especially in 2028 as greater benefits accrue from the company's