

September 2026

Global Bond Rout Drags Credit Into the Red

Investment-grade corporates fell 2.72% in September, the asset class's worst month in over three years

Loans the Lone Bright Spot

US leveraged loans returned 0.28%, the only major index to post a positive month

Quality Divide Widens at the Bottom

CCC spreads breached 1,000bps to distressed levels for the first time since 2023, even as broader spreads held near 20-year tights

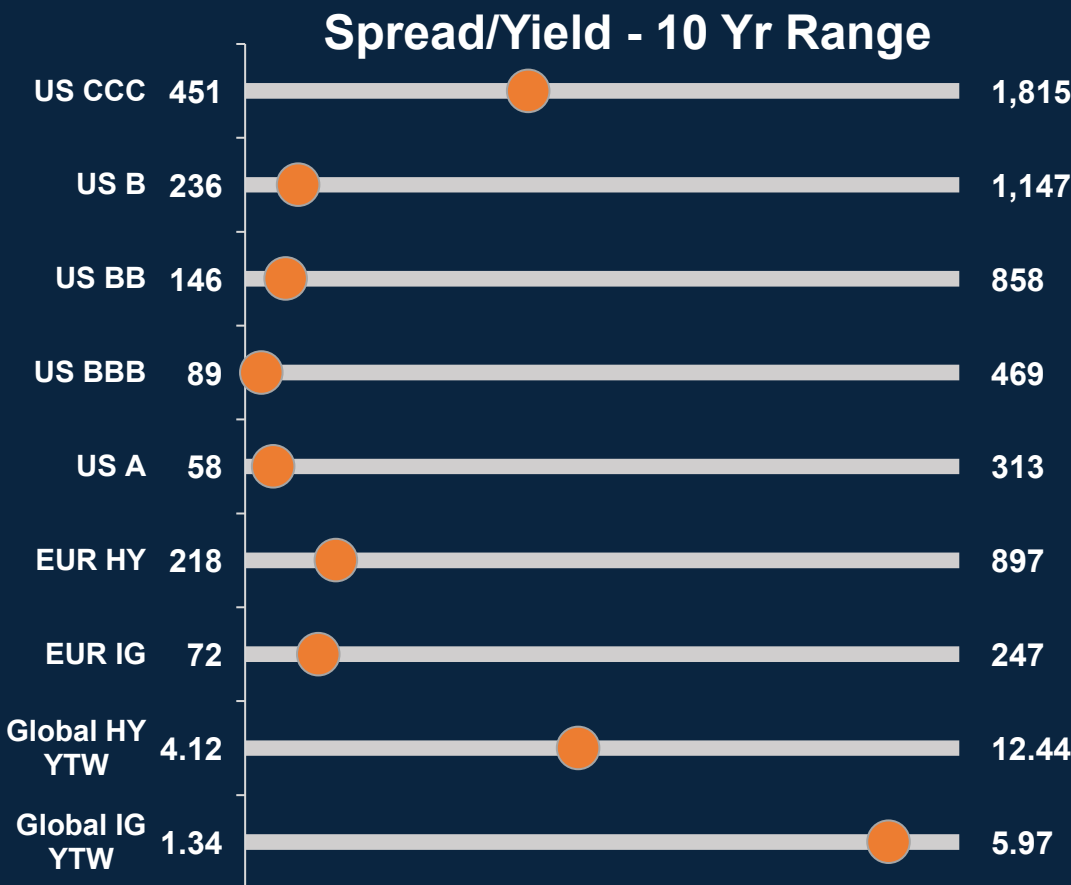
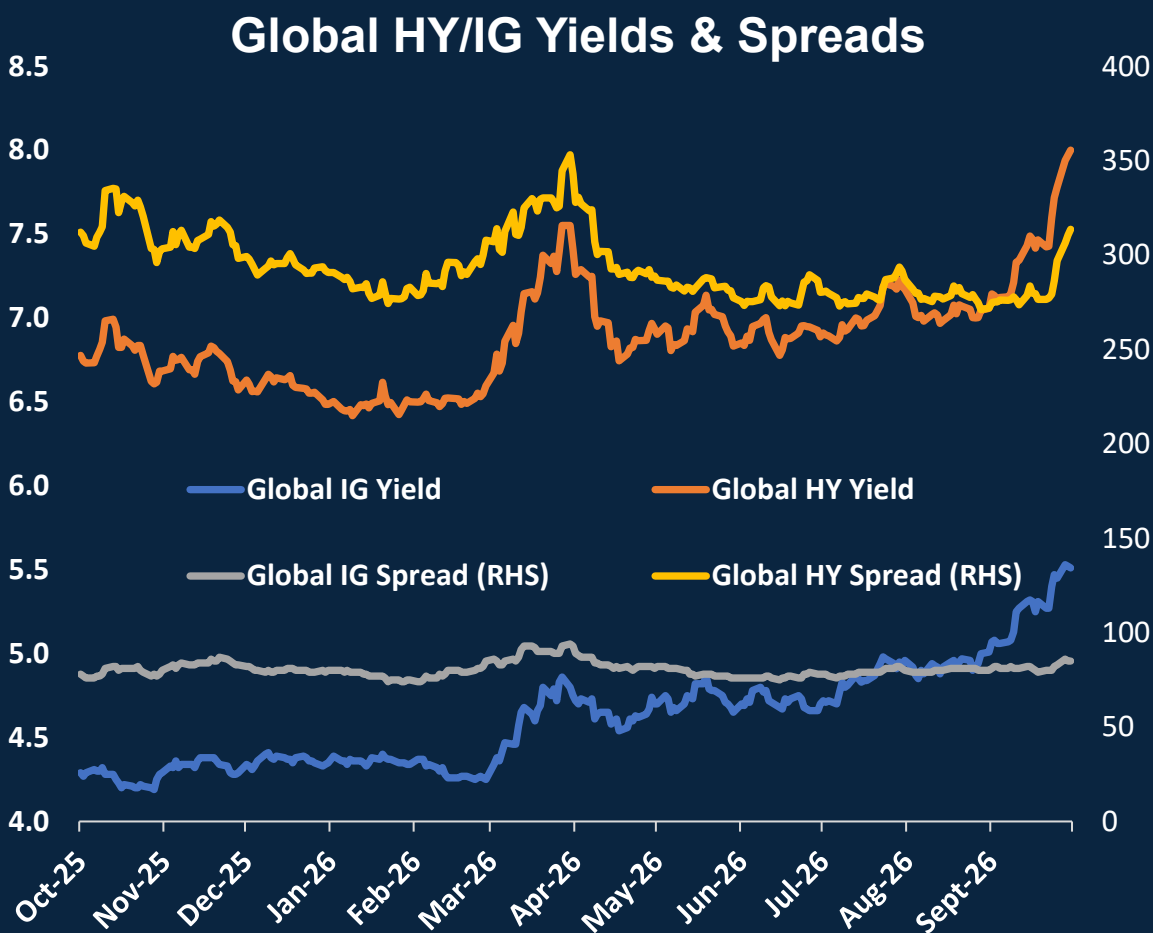
Supply Defies the Selloff

US IG issuance still reached \$195bn, the second-highest September on record, led by Paramount's landmark financing

PERFORMANCE SNAPSHOT USD Hedged

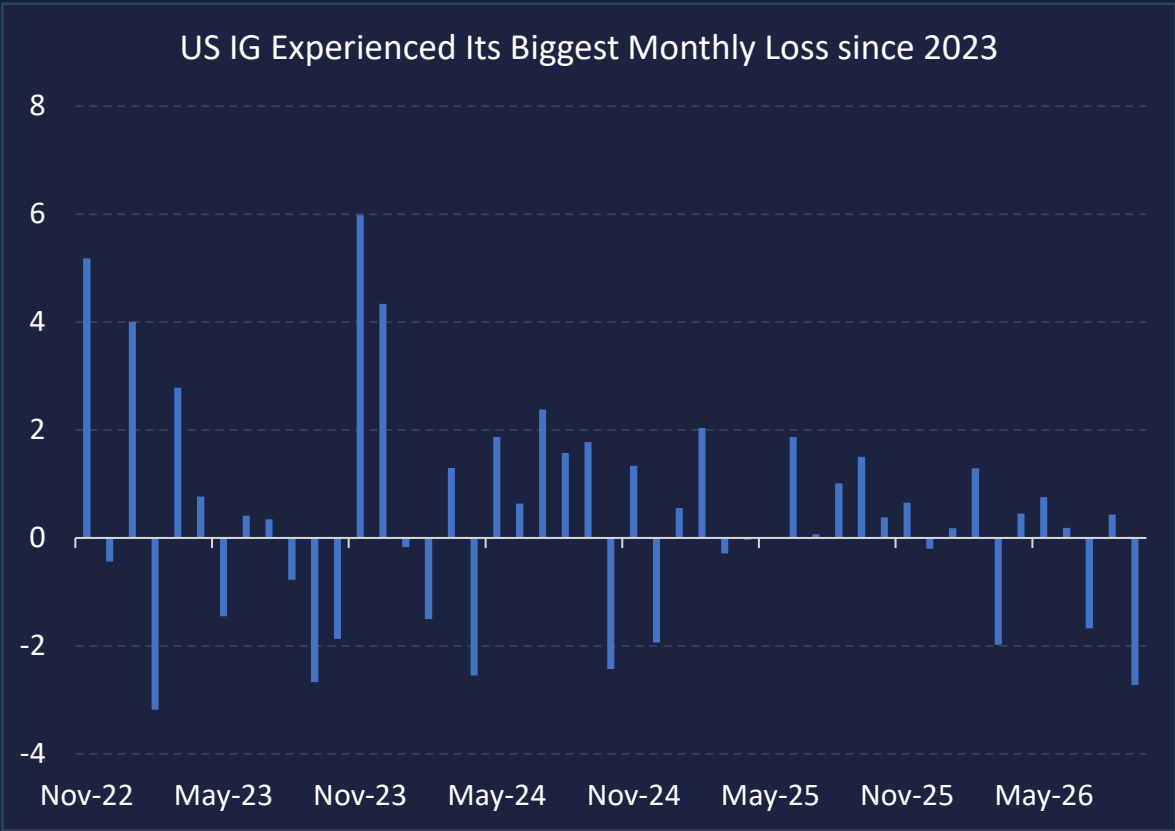
	1M	3M	YTD	12M
US High Yield	-2.52%	-1.82%	+0.10%	+1.41%
Euro High Yield	-1.62%	-1.21%	+1.54%	+2.67%
US IG Corporate	-2.72%	-3.94%	-3.11%	-2.30%
EUR IG Corporate	-1.33%	-2.50%	-1.20%	-0.94%
GBP IG Corporate	-1.20%	-1.98%	-1.14%	+1.61%
Banks AT1	-1.84%	-1.42%	+1.90%	+3.85%
Leveraged Loans	+0.28%	+2.66%	+3.08%	+4.97%
Corporate Hybrids	-1.83%	-2.10%	+0.40%	+1.69%
EM USD	-2.91%	-3.46%	-1.51%	+0.86%
US BB	-2.50%	-1.95%	-0.01%	+1.50%
US B	-2.29%	-1.18%	+0.97%	+2.56%
US CCC	-3.52%	-3.44%	-1.81%	-1.63%

YIELD & SPREAD TRENDS



Global Bond Selloff Deepens; IG Posts Worst Month in Three Years

Government bonds sold off sharply in September as the Federal Reserve delivered its first rate increase in three years, the Bank of Japan tightened policy for a second straight meeting, and an escalating conflict in Iran pushed oil toward \$100 a barrel. Credit bore the brunt of the move: US investment-grade corporates experienced its worst month in over three years and its weakest quarter since the Fed’s 2022 hiking cycle, while high yield logged a similarly sized monthly and quarterly loss. The sell-off was driven more by rates than by spread performance in IG, though spreads did widen meaningfully in the HY space, driven by US CCCs



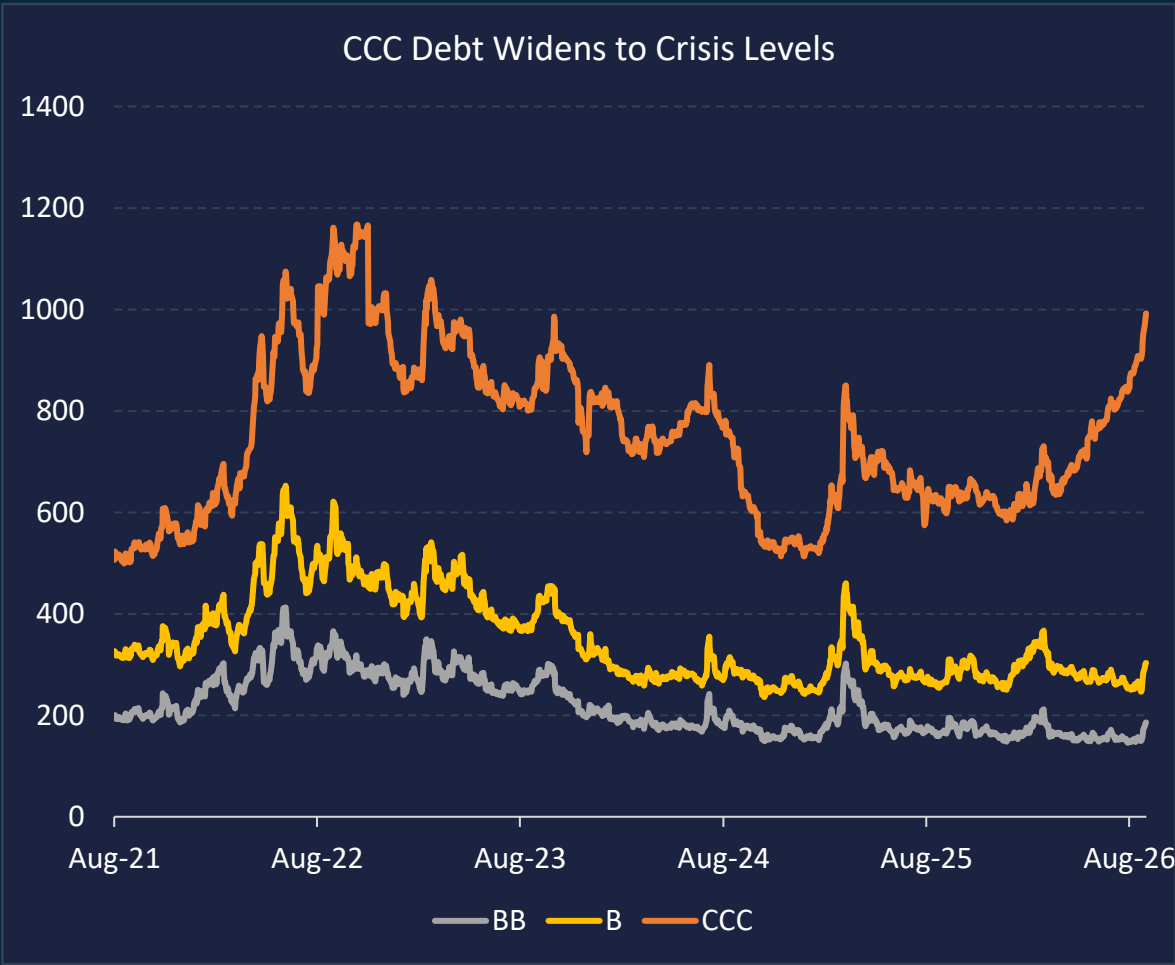
Source: Bloomberg, as at 30/09/26

US IG Supply Tops \$195bn Despite the Selloff

Primary markets stayed remarkably open through the turmoil. US investment-grade issuance reached \$195bn for the month, the second-highest September on record, while high-yield supply topped \$50bn for the first time in a year, powered by Paramount Skydance’s acquisition financing and SoftBank’s return to the dollar market. Paramount’s \$52bn package to fund its purchase of Warner Bros Discovery included a \$30bn investment-grade tranche — tied for the sixth-largest high-grade bond deal on record alongside Meta, AT&T/Discovery and AbbVie — that drew \$109bn of orders, alongside \$12.4bn of junk bonds and \$9.46bn of loans; its longest-dated note, due 2066, priced to yield almost 9%. SoftBank became the world’s largest junk-bond issuer this week, raising around \$11bn, with its longest-dated dollar notes pricing at 9.75% — the highest coupon the company has ever paid — as Masa Son continues to fund the group’s OpenAI-related commitments.

Stress Deepens at the Bottom: Brightline, Cerba, European Property

The pain was concentrated in the lowest-quality credits. CCC yields approached 15%, a four-year high, and spreads breached 1,000bps to reach distressed territory for the first time since 2023. Florida’s Brightline railroad filed for Chapter 11 bankruptcy, offering holdout creditors a stake of at least 4.75% in the reorganised business alongside governance rights and warrants. In France, Cerba Healthcare opened court-supervised restructuring proceedings for around €5bn of debt, with net leverage running at roughly nine times earnings. European real estate credit showed similar strain: Net Zero Properties shelved a €500m bond after failing to attract sufficient demand even with sweetened terms, while hybrid securities issued by other landlords fell sharply over the month, reviving memories of the sector’s 2023 downturn.



Source: Bloomberg, as at 30/09/26