Credit Market Overview

RUBRICS

October 2026

Rates Rally Lifts IG, but Spreads Widen

US IG returned 2.16%, its best month since July 2024, though spreads closed at a seven-month wide of 90bps

CCC Sells Off Alone

US CCCs lost 2.36% as spreads reached 1,127bps, while US BB returned 0.93%

Euro HY the European Laggard

Euro HY fell 0.90% as yields topped 7% for the first time in three years, while EUR IG gained 0.76%

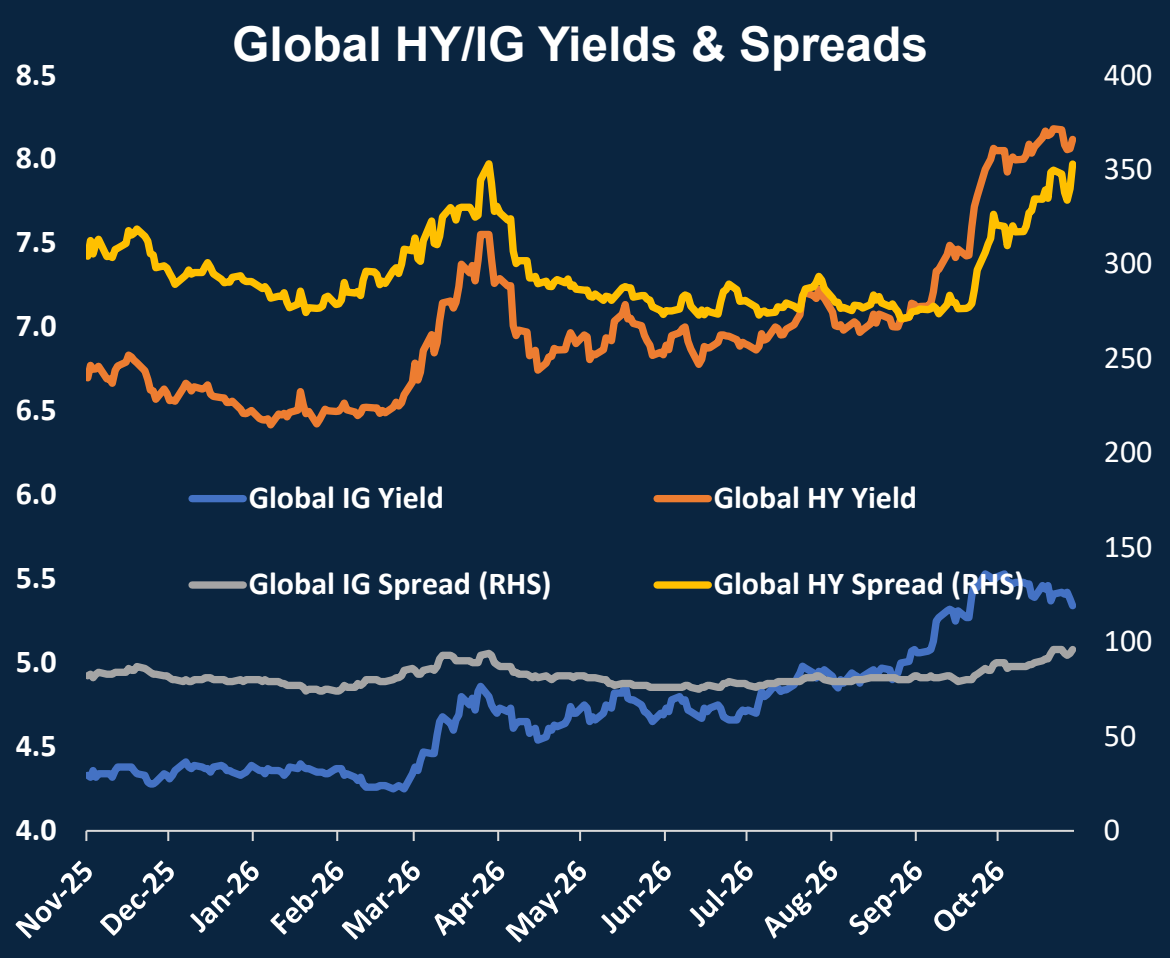
Primary Market Slows Sharply

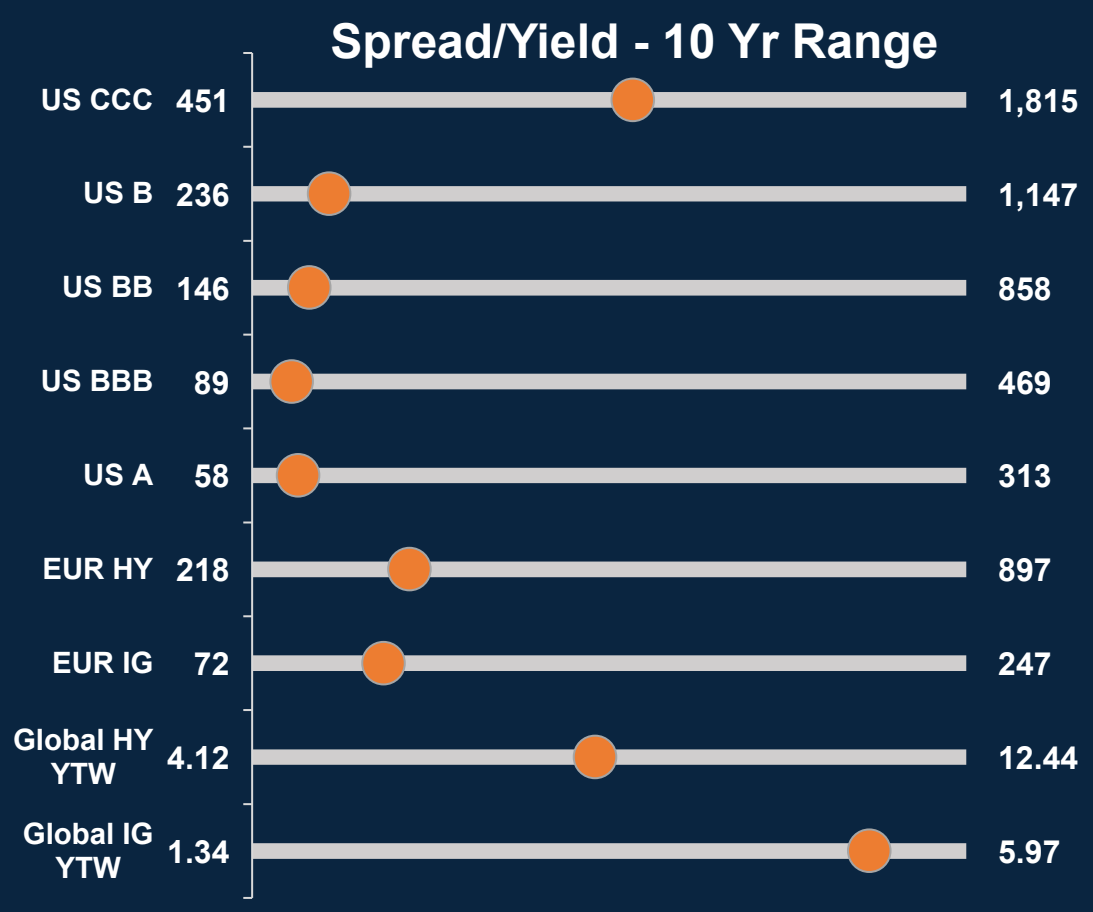
US HY issuance fell to $14.6bn from $51bn in September as more than $5bn of US and European deals were postponed

PERFORMANCE SNAPSHOT USD Hedged

	1M	3M	YTD	12M
US High Yield	+0.30%	−1.28%	+0.40%	+1.56%
Euro High Yield	−0.90%	−1.94%	+0.62%	+1.46%
US IG Corporate	+2.16%	−0.19%	−1.02%	−0.57%
EUR IG Corporate	+0.76%	−0.80%	−0.45%	−0.88%
GBP IG Corporate	+0.61%	−0.13%	−0.53%	+0.04%
Banks AT1	+0.09%	−1.19%	+1.99%	+3.24%
Leveraged Loans	+0.26%	+1.76%	+3.35%	+4.77%
Corporate Hybrids	+0.11%	−1.42%	+0.51%	+0.81%
EM USD	+1.26%	−0.96%	−0.27%	+0.40%
US BB	+0.93%	−0.67%	+0.92%	+2.00%
US B	+0.01%	−1.19%	+0.98%	+2.63%
US CCC	−2.36%	−5.22%	−4.12%	−3.67%

YIELD & SPREAD TRENDS





Source: Bloomberg, as at 30/10/26

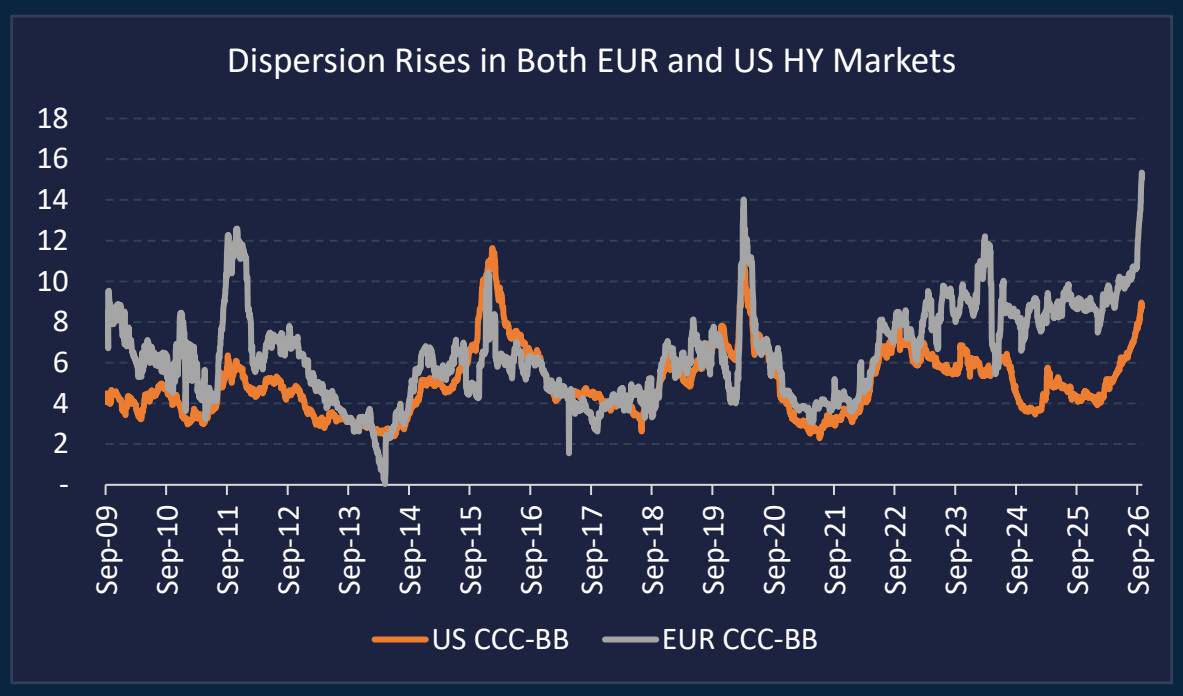
Credit Market Overview

October 2026

RUBRICS

IG Rebounds While CCC Sells Off as Dispersion Widens

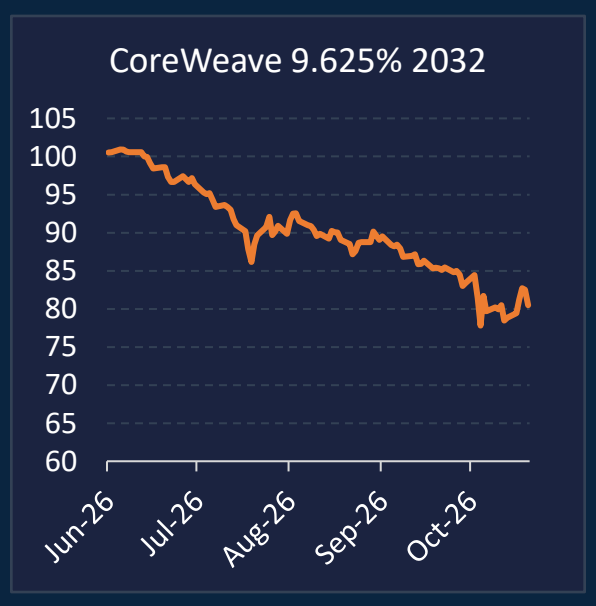
US investment-grade corporates rebounded from September's sharp losses, returning 2.16% in October, their strongest monthly performance since July 2024, as Treasury yields rallied. However, spreads still ended the month at 90bps, their widest level in seven months. The recovery in high yield was considerably less uniform. CCC spreads widened to 1,127bps, a four-year high, with yields reaching 16.03%. The spread differential between CCC and BB-rated debt also reached its widest level since the pandemic, while the equivalent relationship in EUR HY was at its widest since 2009. Stress was also evident in leveraged loans, with the volume of loans trading at or below 80 cents reaching $139.8bn, up almost 90% year-on-year and within approximately $4bn of the May 2020 peak. In Europe, yields on the high-yield index rose above 7% for the first time in three years.

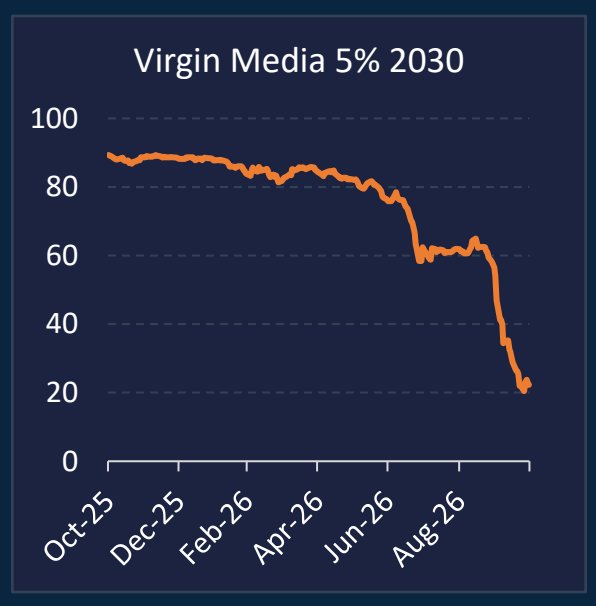


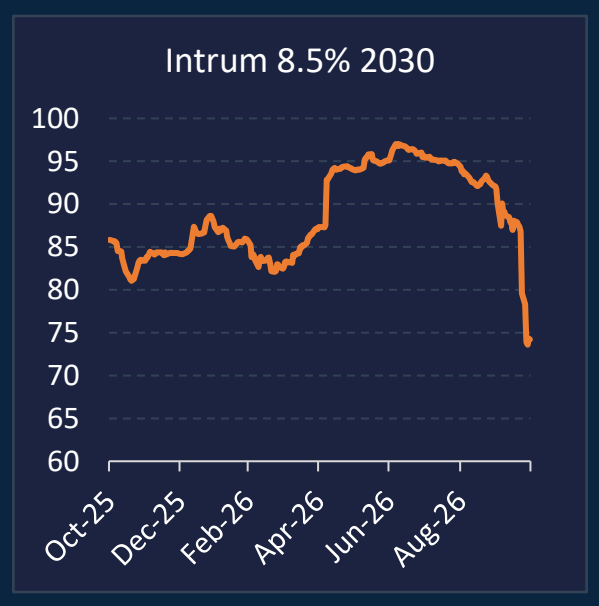
Source: Bloomberg, as at 30/10/26

CoreWeave, Virgin Media and JetBlue Lead a Run of Single-Name Stress

Idiosyncratic credit stress was most apparent in AI infrastructure and the more highly leveraged segments of the telecoms and transport sectors. CoreWeave's 2032 notes, which had been issued at par just four months earlier, fell below 78 cents following comments from a co-founder about seeking investment-grade funding, raising concerns over further borrowing. Yields reached 15%, while CDS pricing implied a greater-than-even probability of default within five years. Virgin Media O2 bonds fell to record lows after the UK competition authority signalled that it could block a broadband consolidation central to the group's deleveraging plans. JetBlue's 2031 bonds also reached record lows as the company's share price fell to its lowest level since its 2002 IPO. Meanwhile, Swedish debt collector Intrum warned of lower income this year, prompting sharp declines in both its bonds and equities.







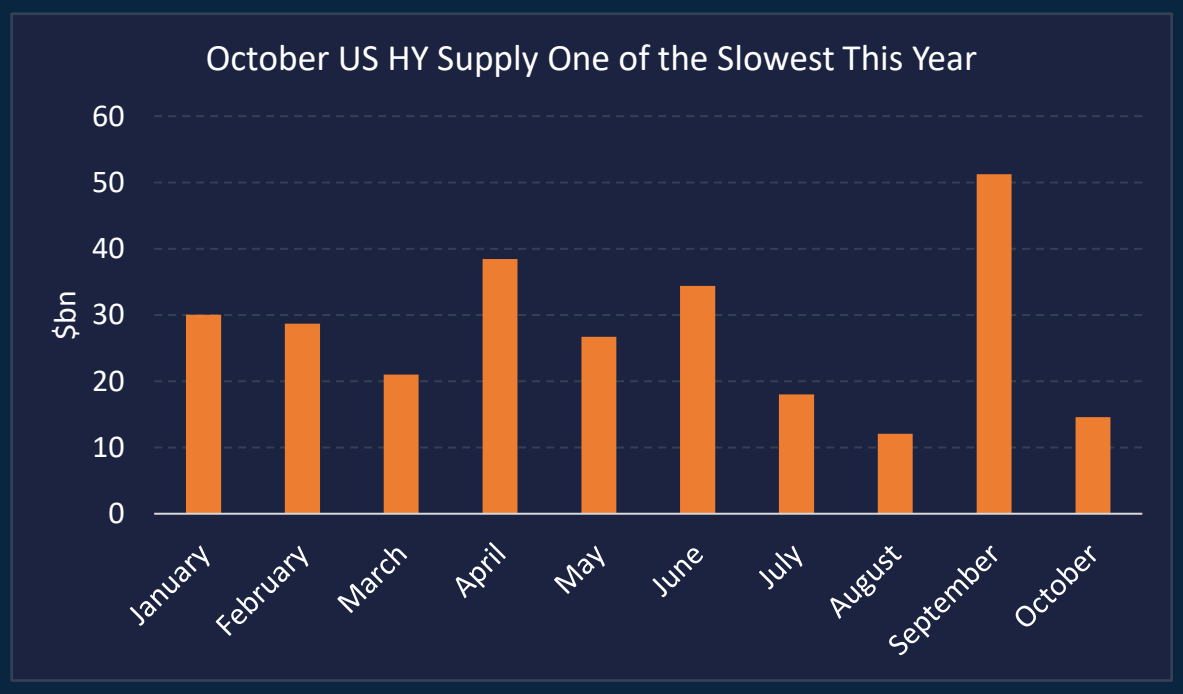


Source: Bloomberg, as at 30/10/26

AI Supply Tests Investor Appetite as Primary Market Slows

Primary market activity was mixed. Microsoft's $25bn, ten-tranche bond deal, its first visit to the primary market since 2017, attracted peak orders of $115bn and ended a near three-month absence of hyperscaler issuance. However, its AAA rating makes the deal a less reliable indicator of investor appetite for lower-rated AI-linked borrowers. Meanwhile, Meta disclosed that its spending commitments had increased to approximately $825bn, from almost $700bn in July.

Paramount's jumbo bond issuance in September recorded the worst new-issue performance since the pandemic, underperforming the index by 27bps over the subsequent ten days, while its 2036 high-yield notes fell to around 91 cents from par. More than $5bn of US and European deals were reportedly postponed amid higher borrowing costs and growing scepticism surrounding the AI boom. US high-yield issuance subsequently fell sharply to $14.6bn, from $51.3bn in September.



Source: Bloomberg, as at 30/10/26