



Corporate Credit Monthly Update

December 2025

Europe

Economic conditions in the euro area remained broadly resilient in November, supported by activity that continues to withstand external shocks despite a still very subdued domestic demand. Financial conditions remain restrictive and continue to weigh on investment dynamics. Developments in inflation provided the ECB with a broadly constructive reading, while still highlighting persistent divergence between member states. On the fiscal side, Spain's deficit moving below Germany's underlines a gradual reshaping of fiscal positions. In the UK, the new Budget was well received by markets, both in Gilts and equities, with the trajectory now seen as more credible than previously feared and the limited scale of tax increases helping to ease concerns over political risk.

European bond markets operated in an environment marked by rising risk free rates and closer scrutiny of these fiscal developments. 7-10-year Bunds delivered a negative return of -0.22% in November, with yields rising by 6 basis points to 2.59% by month end. The gradual shift towards a more expansionary fiscal stance in Germany, combined with France's continued difficulty in containing its deficit within the estimated 5-6% range over 2024-2025, has driven a pronounced rebalancing of sovereign spreads within the euro area. Italian and Spanish spreads versus Bunds now trade below French levels, a configuration not seen since the creation of the euro in 1999. In corporate credit, high yield bonds delivered the strongest performance in November (+0.12%), supported by attractive carry and relatively stable risk premia, while investment grade bonds fared less well (-0.20%) in an environment of heightened sensitivity to rate moves. By the end of the month, the yield on the European corporate bond market stood at 5.29%.

In the United States, the longest government shutdown in history came to an end in November, with significant repercussions for financial markets. The 43-day interruption severely disrupted the release of macroeconomic data, amplifying volatility and fuelling market expectations of a Federal Reserve rate cut as early as December. The temporary halt in the collection of official statistics added to uncertainty at a time when the labour market was already showing signs of cooling and inflationary pressures remained elevated. In commodities, oil prices fell by more than 5% in November amid renewed concerns about oversupply and discussions around a potential peace agreement between Russia and Ukraine. The US dollar also edged lower against a basket of other currencies (-0.4%) as markets increasingly priced in further monetary easing.

US bond markets delivered positive returns in November. Treasury yields moved lower across the curve, with 7-10-year maturities falling by 9 basis points to 3.91% at month-end. Unsurprisingly, sovereign yield volatility was driven by mixed macroeconomic releases and uncertainty around the timing and scale of any further rate-cutting cycle. US corporate credit spreads widened temporarily as volatility picked up, before tightening again as expectations of monetary easing firmed. Against this backdrop, credit markets retained a relatively defensive profile, with investment-grade and high yield bonds returning +0.64% and +0.55% respectively. By the end of the month, the yield on the US corporate bond market stood at 6.62%.

United States

Emerging

Emerging markets benefited from broadly resilient global growth, although the recent softening in the US labour market added to short-term uncertainty. While the steepening of yield curves in developed markets reflects ongoing fiscal pressures and tighter funding conditions, yield curves in emerging economies remained relatively stable. In this environment, several emerging market central banks continued targeted easing cycles, adjusting monetary policy to domestic dynamics in inflation, growth and economic stability.

Emerging market bonds held up relatively well in November despite heightened volatility around interest rate expectations. Corporate credit benefited from the decline in US Treasury yields, which provided technical support, although widening credit spreads – particularly in high yield – weighed on overall performance. Persistent pressure on lower-rated issuers led to a divergence in returns across rating buckets, with the investment grade segment up +0.18% and high yield down -0.21%. Nonetheless, the outlook for emerging market corporate credit remains constructive, underpinned by ongoing improvements in credit fundamentals, especially in transition economies and faster-growing regions such as the Middle East and Asia. By month-end, the yield on the emerging-market corporate universe stood at 7.59%.

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Bité (EU)

Bité, the Lithuanian telco operator, reported decent Q3 FY25 results, with revenues up 3.1% year-on-year to EUR 150 million, driven by double-digit growth in fixed services, especially broadband and pay TV. Adjusted EBITDA rose 7.2% to EUR 65 million, lifting the margin to 43.6%. Mobile customer numbers were stable, but ARPU improved in both Lithuania and Latvia, reflecting the “More for More” strategy. Broadband subscriptions increased, while pay-TV users declined slightly. Operating cash flow strengthened significantly to EUR 43 million thanks to higher EBITDA, lower interest expenses, and reduced capex. However, free cash flow of EUR 15 million was insufficient to fund a EUR 239 million dividend, increasing net debt to EUR 1.14 billion and leverage to 4.4x. Management noted resilient performance amid sluggish markets, supported by broadband and ARPU growth, while the dividend policy remains an area of caution, despite solid interest coverage.

Varex (US)

Varex, a leading manufacturer of X-ray tubes and software processing solutions for the medical and security markets, reported strong results for the fourth quarter of its financial year. Revenues were up 11% to USD 229 million, driven by solid demand from both medical and industrial customers and supported by improved inventory levels, while the gross margin of 34% was 130 bps higher than last year thanks to better fixed-cost absorption. For the full fiscal year, revenues reached USD 845 million (up 4% YoY), and EBITDA increased by USD 33 million to USD 122 million. The net leverage ratio fell to 1.8x (company calculation) at the end of the period, and management guided for further growth heading into 2026.

Grupo Nutresa (EM)

Grupo Nutresa, a leading food products company in Colombia and Central America, reported strong results for the third quarter of 2025. In the nine months to September 2025, the company’s total sales grew by 13.3% to COP 15.315 trillion (USD 3.7 billion), while EBITDA excluding non-recurring expenses reached COP 2.43 trillion (USD 589 million), with an EBITDA margin of 15.9%, up more than 200 bps compared to last year. The improvement in margins is mainly due to cost-saving measures implemented since the beginning of the year. Net leverage dropped to 4.4x, and management reiterated its target to reduce it toward 2.7x-3.0x in the near term.

Significant Primary Issues

Europe

Issuer	Yield	Maturity	Amount	Rating
Eroski	5.75%	2031	€500M	BB+
Gruenenthal	4.625%	2031	€675M	BB+

United States

Issuer	Yield	Maturity	Amount	Rating
Allison Transmission	5.875%	2033	\$500M	Ba2
Ardagh Metal Pack.	6.25%	2031	\$620M	B+

Emerging

Issuer	Yield	Maturity	Amount	Rating
Arabian Centers	8.96%	2030	\$500M	B+
Fosun	5.825%	2030	€400M	BB-

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Macro-Economic Events

Europe

Eurozone: headline inflation ticked up from 2.1% in October to 2.2% in November, slightly above market expectations (2.1%), driven by higher services costs and a slower pace of decline in energy prices. Core inflation, however, remained stable at 2.4%, just below the 2.5% consensus. At the same time, the euro area unemployment rate inched up to 6.4%, marginally above the 6.3% expected. Among the main economies, Germany saw inflation accelerate to 2.6%, its highest level since February, while Spain's inflation eased from 3.2% to 3.1% and the Netherlands' from 3.0% to 2.6%. In France and Italy, inflation remained well below the ECB's target, at 0.8% and 1.1% respectively.

Switzerland: the government announced an agreement reducing US tariffs on selected Swiss exports to 15%. This deal brings to an end a trade dispute that began in August following Washington's unilateral decision to raise these tariffs to 39%, more than twice the level applied to products originating from the European Union.

Italy: Moody's upgraded the country's sovereign rating from Baa3 to Baa2, the first upward revision in 23 years, citing increased political stability, an improving fiscal position and progress under the national recovery and resilience plan. Italy is on track to bring its deficit below 3% of GDP in 2025, which could allow the EU's excessive deficit procedure to be closed by mid 2026. Moody's expects the debt to GDP ratio to start declining gradually from 2027 and has accordingly revised its outlook to stable.

US & EM

United States: the consumer confidence index came in at 53.3 in December, up from 51 in November, which had been the second-lowest reading on record. These levels remain close to the all-time low of 50 reached in June 2022. The latest figure was, however, slightly above the market consensus of 52. At the same time, one-year inflation expectations fell from 4.5% to 4.1%, their lowest level since January, as fears of a sharp rise in prices linked to the introduction of tariffs have so far failed to materialise.

China: the manufacturing index fell to 49.9 in November, from 50.6 in the previous month, its lowest level since July and below the market forecast of 50.5. This reading points to a modest decline in industrial activity, with output and new orders broadly flat against a backdrop of job losses and subdued purchasing activity. However, export orders rose at their fastest pace in eight months, supported by stepped-up commercial negotiations and business development efforts.

Market Data Indices

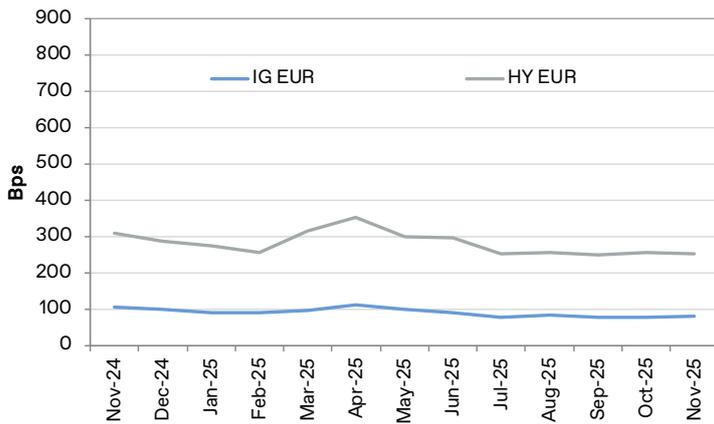
Indices (end of November)	Performance			
	MTD	YTD	Duration	Yield
High Yield				
Corporates High Yield Europe	0.12%	4.83%	3.15	5.29%
Corporates High Yield United States	0.55%	7.93%	2.88	6.62%
Corporates High Yield Europe Excluding Financials	0.12%	4.97%	3.04	5.06%
Corporates High Yield United States Excluding Financials	0.60%	7.92%	2.91	6.34%
High Yield Emerging Markets	-0.21%	8.11%	3.91	7.59%
Investment Grade				
Corporates Investment Grade Europe	-0.20%	3.05%	4.55	3.24%
Corporates Investment Grade United States	0.64%	8.05%	6.74	4.76%
Investment Grade Emerging Countries	0.18%	8.81%	6.03	4.73%
Governments				
7-10 Year German Bond	-0.22%	0.40%		2.59%
7-10 Year US Bond	1.01%	9.02%		3.91%

Inflation (end of November)					
Realized inflation	November	October	September	6M	12M
Realized inflation in Europe (rolling 12-month)	2.20%	2.10%	2.20%	1.90%	2.20%
Realized inflation in the United States (rolling 12-month)		N/A	3.00%	2.40%	2.70%

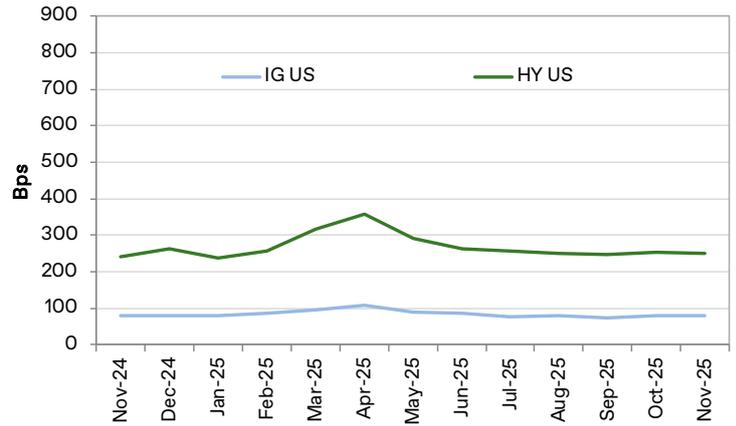
Month-to-date = MTD
Year-to-date = YTD

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EUR Corporate Bond Spreads (OAS) by Index



US Corporate Bond Spreads (OAS) by Index



Corporate Bond Spreads

	November	October	September	12 months
Europe				
Corporates Investment Grade Europe	82	76	78	107
Corporates High Yield Europe	278	276	272	337
Corporates High Yield Europe Excluding Financials	253	254	249	310
Corporate Bonds rated A Europe	73	68	70	96
Corporate Bonds rated BBB Europe	94	88	90	122
Corporate Bonds rated BB Europe	184	182	179	226
Corporate Bonds rated B Europe	354	350	323	380
United States				
Corporates Investment Grade United States	81	79	75	80
Corporates High Yield United States	281	285	273	268
Corporates High Yield United States Excluding Financials	252	255	246	240
Corporate Bonds rated A United States	66	65	62	67
Corporate Bonds rated BBB United States	103	100	94	99
Corporate Bonds rated BB United States	167	175	172	163
Corporate Bonds rated B United States	290	294	271	264
Emerging Countries				
Investment Grade Emerging Countries	92	83	83	103
High Yield Emerging Countries	380	354	352	367
Corporate Bonds rated A Emerging Countries	70	63	65	80
Corporate Bonds rated BBB Emerging Countries	125	113	112	139
Corporate Bonds rated BB Emerging Countries	244	226	228	249
Corporate Bonds rated B Emerging Countries	386	399	408	383

Source: Anaxis AM

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Anaxis specialises in corporate credit for investors who firmly believe in fundamental investing based on in-depth knowledge of issuers. For more than 15 years, Anaxis has focused on corporate credit strategies and has developed comprehensive expertise and methods renowned for their reliability by its clients.

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