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Corporate Credit Monthly Update

September 2026

Europe

In the eurozone, macroeconomic data continue to point to resilient growth, against a backdrop of improving business sentiment and a still-robust labour market. Strong investment related to artificial intelligence and continued government spending have helped to partly offset the impact of the conflict in the Gulf. However, this resilience has been accompanied by renewed tensions. Eurozone inflation accelerated to 3.3% in August, and the ECB is maintaining a cautious stance in the face of persistent inflationary pressures, including the prospect of further interest rate hikes. Elevated oil and gas prices, in particular, continue to fuel these pressures across the region.

In European markets, German government bond yields rose throughout August to reach new highs, as investors priced in the prospect of tighter monetary policy and closely monitored developments regarding sanctions against Iran. The 7–10-year Bund yield rose by 13 basis points to 3.24%. In corporate credit markets, High Yield (+0.39%) significantly outperformed Investment Grade (-0.21%). Carry provided an important buffer against volatility, while underlying corporate fundamentals remained broadly robust. Conversely, longer-dated Investment Grade bonds were more adversely affected by the rise in sovereign yields, given their greater exposure to duration risk. The yield on the European corporate bond market stood at 5.88% at month-end.

United States

In the United States, expectations of monetary tightening by the Federal Reserve eased at the beginning of the month, amid a slowdown in the labour market and disappointing consumer spending data. However, inflation stabilised at an elevated level of 3.4%, confirming the persistence of underlying price pressures, which remain even more pronounced than in the eurozone. At the same time, the US dollar weakened against major currencies, while gold rose sharply, continuing to benefit from its appeal as a safe-haven asset. In commodity markets, oil prices remained under significant pressure due to the persistent geopolitical risk premium, despite concerns over an economic slowdown.

In fixed income markets, US Treasury yields ended August slightly higher, although this modest monthly change masked considerable volatility. The benchmark 7–10-year yield rose by 4 basis points to 4.69% over the month. Longer-dated yields reached their highest levels in several years midway through the month, with the 30-year yield notably exceeding 5.30%. Investors were unsettled by concerns surrounding the fiscal deficit and the subsequent policy response from the government, compounded by inflation risks stemming from the delayed reopening of the Strait of Hormuz. Corporate credit markets nevertheless displayed remarkable resilience against this backdrop of government bond yield volatility. US High Yield spreads tightened by 20 basis points in August, reaching their lowest level in ten years and offsetting the impact of rising Treasury yields. This significant spread compression also enabled the segment to outperform its European counterpart. In performance terms, Investment Grade (+0.42%) lagged High Yield (+0.97%), held back by its longer duration profile. It nevertheless ended the month in positive territory, despite heavy primary market supply, particularly from major technology issuers, commonly referred to as “hyperscalers”. At month-end, the yield on the US corporate bond market stood at 7.23%.

Emerging

Emerging market economies displayed greater momentum in August than developed markets. They benefited from the significant weakening of the US dollar and from structural reforms that have strengthened their resilience to external shocks. Global growth remained solid, although geopolitical tensions in the Middle East and the partial closure of the Strait of Hormuz have had a varied impact across regions, benefiting oil-exporting countries at the expense of importers. Relatively subdued inflation expectations, resilient commodity prices and continued investment in artificial intelligence provided further support, while technology-focused economies benefited from continued strong demand for semiconductors.

Against this backdrop, emerging market corporate credit delivered positive returns over the month. The asset class was supported by investors’ search for yield and strong risk appetite, with limited impact from sovereign yield volatility in developed markets. Both Investment Grade and High Yield posted positive returns, rising by +0.57% and +0.96%, respectively, supported by a broad-based tightening in credit spreads. All regions and sectors posted positive returns, with real estate and oil & gas among the strongest performers. At month-end, the yield on the emerging market bond market stood at 7.49%.

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Companies in the Spotlight

United Group (EU)

United Group, the leading telecommunications and media operator in Southeast Europe, completed a €300m bond redemption in mid-August 2026, retiring its 4.625% August 2028 secured notes at par. The redemption was executed ahead of the company's Q2 and H1 2026 financial results, reported on August 26, 2026, which were overall satisfactory. The move highlighted United Group's financial flexibility and proactive approach to liability management as an established high-yield issuer in the region.

Axalta (US)

Axalta, a leading US coatings company, delivered a strong second quarter, with a record adjusted EBITDA of USD 305m (+5% YoY), helped by a recovery in refinish volumes and Performance Coatings margin expansion to 25.1%, although raw material inflation is expected to weigh on H2 margins. Net leverage fell to a record low of 2.2x LTM, with management targeting a ratio below 2.0x by year-end 2026 and more than USD 500m in FCF, supported by continued debt reduction and no share buybacks. The pending merger of equals with AkzoNobel is viewed as clearly positive for the combined credit profile, with shareholder approval and regulatory clearance underway and closing targeted for late 2026 or early 2027.

GMR Hyderabad (EM)

GMR Hyderabad, the operator of India's largest airport, was upgraded by Fitch from BB+/Positive to BBB-/Stable, bringing the issuer into Investment Grade after a sustained improvement in its credit profile and operating performance. Q1 FY27 showed a total income of INR 6.27bn, broadly flat YoY, after FY26 revenue reached INR 25.78bn (+9.7% YoY) and EBITDA reached a record of INR 16.14bn (+9.4%). Fitch's Stable outlook indicates that the upgraded rating should be sustainable, with the credit profile supported by the airport's strong traffic franchise, its regulated revenue framework, and improved visibility following the new CP4 tariff order, while the sizeable future capacity expansion capex remains an important risk to monitor.

Central Bank Activity

	Current Rate	Previous Rate	Last Change	Next Decision
BCE	2.50%	2.25%	10/09/2026	29/10/2026
BoE	3.75%	4.00%	18/12/2025	17/09/2026
BNS	0.00%	0.25%	20/06/2025	24/09/2026
FED	3.50 - 3.75%	3.75 - 4.00%	10/12/2025	16/09/2026
BoJ	1.00%	0.75%	17/06/2026	18/09/2026

Significative Primary Issues

Europe

Issuer	*Yield*	*Maturity*	*Amount*	*Rating*
Boels	4.625%	2032	€400M	BB-
HSE	9.28%	2032	€400M	B-

United States

Issuer	*Yield*	*Maturity*	*Amount*	*Rating*
Ford Motor Credit	5.43%	2029	$1.50Bn	BBB-
Gray Media	7.50%	2034	$750M	B+

Emerging

Issuer	*Yield*	*Maturity*	*Amount*	*Rating*

No new issuance in August.

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Macro-Economic Events

Europe

Eurozone: despite a degree of resilience, persistent heat and drought are expected to weigh on growth through lower labour productivity, logistical disruptions and a sharp increase in energy and agricultural costs. The economic damage is estimated at around 1% of EU GDP, equivalent to €180 billion, effectively offsetting the growth expected for 2026. Economists warn that climate-related risks remain largely absent from forecasting models, even as securing supply chains becomes an increasingly critical issue.

Germany: the business climate index reached 88.8 in August, its highest level in a year, marking its fourth consecutive monthly increase. The figure was well above market expectations of 87.2, pointing to a gradual improvement in sentiment in Europe’s largest economy and tentative signs of stabilisation following a prolonged period of weakness. The recovery nevertheless remains fragile, with geopolitical uncertainty in the Middle East continuing to weigh on energy prices and overall economic activity.

US & EM

United States: the private sector added 38,000 jobs in August, its weakest pace since January. Following 46,000 jobs added in July, the figure came in below the 47,000 expected, highlighting the broader slowdown in the labour market. The education and healthcare, construction, leisure and hospitality, and financial activities sectors continued to perform well. By contrast, manufacturing, professional services, trade, transportation and utilities, natural resources and mining, and information shed jobs. Meanwhile, wage growth remained stable, reflecting the combined effects of demographic shifts, persistent inflation and the growing impact of AI on employment.

China: the manufacturing PMI rose to 51.5 in August, up from a four-month low of 50.9 in July. It exceeded the market consensus of 51.0, driven by an acceleration in output and new orders. New orders increased for the fifteenth consecutive month, marking the longest period of expansion since 2018, supported by the strongest increase in export sales in six months.

India: GDP grew by 7.8% on an annualised basis in the second calendar quarter, exceeding the market consensus of 7.1% and in line with the previous quarter. Growth was driven by the financial, real estate, information technology and professional services sectors, while agriculture remained relatively subdued. The data confirmed India’s position as the fastest-growing G20 economy. They also highlighted its resilience amid the current period of economic turbulence, as the war in the Middle East triggered a sharp rise in energy prices, put pressure on the rupee and prompted the Reserve Bank of India (RBI) to intervene in the markets to stabilise financial assets. Inflation reached 4.45% in July, but the RBI kept interest rates unchanged in August.

Market Data Indices

Indices (end of August)	Performance			
High Yield	**MTD**	**YTD**	**Duration**	**Yield**
Corporates High Yield Europe	0.39%	1.94%	3.17	5.88%
Corporates High Yield United States	0.97%	2.63%	3.00	7.23%
Corporates High Yield Europe Excluding Financials	0.46%	2.02%	3.05	5.70%
Corporates High Yield United States Excluding Financials	1.01%	2.84%	3.05	6.92%
High Yield Emerging Markets	0.96%	4.91%	3.84	7.49%
Investment Grade				
Corporates Investment Grade Europe	-0.21%	0.24%	4.42	3.96%
Corporates Investment Grade United States	0.42%	-0.28%	6.45	5.49%
Investment Grade Emerging Countries	0.57%	-0.03%	5.65	5.37%
Governments				
7-10 Year German Bond	-0.64%	-1.30%		3.24%
7-10 Year US Bond	0.14%	-1.31%		4.69%

Inflation (end of August)					
Realized inflation	August	July	June	6M	12M
Realized inflation in Europe (rolling 12-month)	3.30%	2.90%	2.80%	1.90%	2.00%
Realized inflation in the United States (rolling 12-month)		3.40%	3.50%	2.40%	2.90%

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

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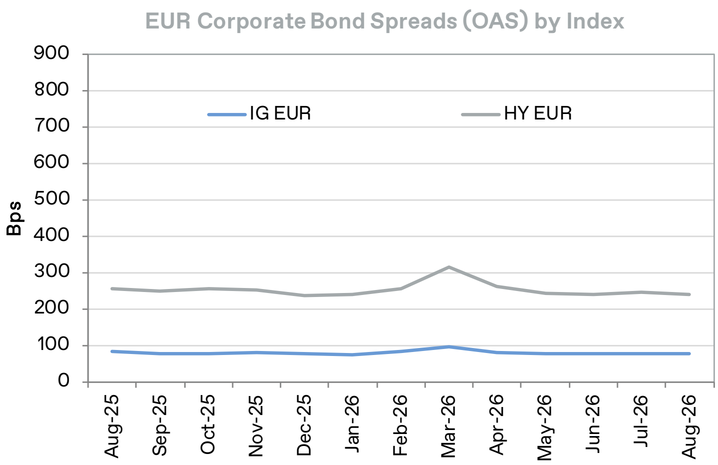

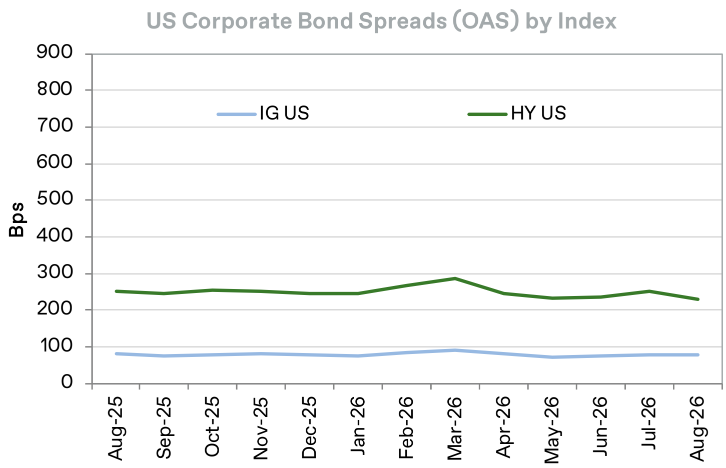

Corporate Bond Spreads

	August	July	June	12 months
Europe				
Corporates Investment Grade Europe	78	78	79	84
Corporates High Yield Europe	259	269	265	282
Corporates High Yield Europe Excluding Financials	239	247	240	257
Corporate Bonds rated A Europe	71	70	71	76
Corporate Bonds rated BBB Europe	90	90	91	97
Corporate Bonds rated BB Europe	154	164	168	188
Corporate Bonds rated B Europe	332	343	340	330
United States				
Corporates Investment Grade United States	79	78	75	80
Corporates High Yield United States	260	280	268	275
Corporates High Yield United States Excluding Financials	228	250	236	252
Corporate Bonds rated A United States	66	66	62	67
Corporate Bonds rated BBB United States	96	97	93	100
Corporate Bonds rated BB United States	149	168	159	174
Corporate Bonds rated B United States	264	293	290	282
Emerging Countries				
Investment Grade Emerging Countries	81	86	82	90
High Yield Emerging Countries	311	322	332	351
Corporate Bonds rated A Emerging Countries	65	70	65	70
Corporate Bonds rated BBB Emerging Countries	106	112	108	122
Corporate Bonds rated BB Emerging Countries	204	218	213	245
Corporate Bonds rated B Emerging Countries	359	366	355	403

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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