

Corporate Credit Monthly Update

October 2026

Europe

In the euro area, economic activity recorded its strongest growth in approximately three and a half years, driven primarily by robust momentum in the services sector. Germany made a significant contribution to this positive performance, as confirmed by the rebound in its composite PMI. Headline inflation, however, accelerated markedly, rising from 3.2% to 3.8%, driven directly by energy prices, which surged by 18.8%. Core inflation stood at 2.5%, suggesting that the oil price shock had not yet fully spread across the wider economy. In response to these renewed inflationary pressures, the ECB raised its key interest rates by 25 basis points at its September meeting, bringing the deposit facility rate to 2.50%.

In bond markets, government bonds experienced a broad-based sell-off. However, German Bunds proved more resilient than US Treasuries, reflecting a comparatively more favourable inflation backdrop in Europe. The 7–10-year Bund yield rose by 28 basis points over the month, reaching 3.52%. In the European corporate credit market, both Investment Grade and High Yield segments posted negative returns in September, declining by -1.33% and -1.79%, respectively, as they were weighed down by the higher benchmark yields and a marked widening of credit spreads. Record issuance volumes in the High Yield market further compounded the pressure on the segment amid the ECB's restrictive monetary stance. The yield on the European corporate bond market stood at 6.60% at month-end.

In the United States, the economy recorded its strongest growth in five years, significantly exceeding expectations. This growth was mainly driven by robust consumer spending. The labour market also regained momentum, with job growth surpassing forecasts, while the unemployment rate remained stable at 4.1%. Inflation remained above target but stabilised at the elevated level of 3.4%. At its September meeting, the Federal Reserve raised the target range for the federal funds rate by 25 basis points to 3.75%–4.00%. This marked its first rate hike since 2023 and was approved unanimously. Policymakers also revised their longer-term interest rate projections upwards. They now expect inflation to take longer to return to target, reinforcing expectations of a prolonged period of monetary tightening. Meanwhile, the US dollar appreciated by 2% against major currencies, while gold fell by -6.3%, nevertheless demonstrating relative resilience in the face of the sharp rise in real bond yields. Oil prices were volatile over the month, initially surging amid geopolitical tensions in the Middle East before retreating as concerns eased. They ultimately closed the month up 5.4%, at around \$90 per barrel. The geopolitical conflict drove petrol and diesel prices to what were considered excessive levels, fuelling cost-push inflation for both producers and consumers.

In bond markets, the yield on 10-year US Treasuries reached 5.29% in September, while the 30-year yield climbed to 5.61%, both hitting their highest levels since 2002. Investors continued to assess the implications of persistent inflationary pressures, economic resilience and expectations that interest rates would remain higher for longer than previously anticipated. Corporate credit markets were affected by this sharp repricing across sovereign bond markets. High Yield spreads widened significantly, by 50 basis points, as exceptionally heavy primary issuance in this segment saturated the market, while Investment Grade spreads remained relatively stable. Despite this divergence, both segments posted similarly negative returns, falling by -2.52% and -2.68%, respectively. The Investment Grade segment was particularly affected by its high sensitivity to interest rate movements. At month-end, the yield on the US corporate bond market stood at 8.31%.

United States

Emerging

Although the global economy has demonstrated surprising resilience, the risk of more persistent inflation, fuelled by trade disruptions and crude oil prices remaining above \$90 per barrel, has prompted central banks worldwide to adopt tighter monetary policies. This synchronised monetary tightening, combined with the sharp rise in US Treasury yields, has weighed heavily on emerging market assets, triggering capital outflows and a marked deterioration in domestic financing conditions.

Against this backdrop of heightened risk aversion, emerging market corporate credit posted negative returns in September. Investment Grade and High Yield bonds declined by -2.57% and -2.38%, respectively, over the month. In terms of risk premia, spreads widened moderately, by 7 basis points for Investment Grade and 21 basis points for High Yield. Despite the relatively contained widening in spreads, these figures highlight the asset class's high sensitivity to the sharp sell-off in US sovereign bonds and the resulting rise in yields across the Treasury curve. At month-end, the yield on the emerging market bond universe stood at 8.33%.

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Assemblin Caverion (EU)

Assemblin Caverion, Northern Europe's largest multi-technical services provider, raised EUR 1.53bn in senior secured FRNs. The proceeds from the issuance were used to: i) fund a EUR 750m shareholder distribution, and ii) fully refinance the EUR 780m FRNs due 2031. This led to a releveraging of 2.0x, bringing total leverage to 4.8x. Despite the group's resilient and leading Nordic market position, inflation-protected contracts, and solid cash generation, this transaction was seen as an aggressive move by the market.

IQVIA Inc (US)

IQVIA Inc, a leading US provider of technological solutions to the healthcare sector, raised its FY 2026 outlook after a strong Q2 2026. Revenue guidance is now USD 17.28bn-17.48bn, implying an increase of +5.9% to +7.1% YoY, driven by around +100 bps higher organic growth and a stronger M&A contribution, partly offset by lower FX tailwinds. Adjusted EBITDA guidance increased to USD 4.0bn-4.05bn, with margins broadly stable at ~23.2%. Net leverage remains at 3.6x, within management's 3.5x-4.0x target range. IQVIA also issued USD 2bn in 6.375% senior notes due 2034. Proceeds will be used to refinance the USD 1.05bn 2026 notes, repay USD 921m of RCF drawings, and cover fees.

Health & Happiness (EM)

Health & Happiness, a Chinese healthcare supplement provider, delivered robust 1H 2026 results, with top-line revenue growing by +23.7% to RMB 8.7bn and an EBITDA margin up by 420 bps to 18.3%. The revenue uplift was driven by strong growth across the Baby Nutrition and Adult Nutrition segments (+45.2% and +15.5% respectively), while the Pet Nutrition segment saw a more modest expansion (+1.0%). Profitability improved, driven by operating leverage, product premiumization, supply chain efficiencies, and phased marketing spending. Net leverage declined significantly, with the net debt to LTM EBITDA ratio down to 2.5x (from 4.2x as of December 2025). On the back of these positive results, Moody's revised the issuer's outlook to positive from stable, and affirmed its Ba3 rating on the USD 2028 senior unsecured notes.

Central Bank Activity

	Current Rate	Previous Rate	Last Change	Next Decision
BCE	2.50%	2.25%	16/09/2026	29/10/2026
BoE	3.75%	4.00%	18/12/2025	05/11/2026
BNS	0.00%	0.25%	20/06/2025	10/12/2026
FED	3.75 - 4.00%	3.50 - 3.75%	16/09/2026	28/10/2026
BoJ	1.25%	1.00%	24/09/2026	30/10/2026

Significant Primary Issues

Europe

Issuer	Yield	Maturity	Amount	Rating
Assemblin Caverion	5.614%	2033	€1.50Bn	B+
Intertek	7.125%	2033	€700M	BB-

United States

Issuer	Yield	Maturity	Amount	Rating
IQVIA Inc	6.375%	2034	\$2.00Bn	BB
Sabre Financial	9.875%	2032	\$1.35Bn	B

Emerging

Issuer	Yield	Maturity	Amount	Rating
No significant new issuance in September.				

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Macro-Economic Events

Europe

Eurozone: the composite PMI rose to 53.1 in September, up from 52.0 in August, comfortably exceeding market expectations of 51.7. This marked the third consecutive month of economic expansion, with growth accelerating to its strongest pace in nearly three and a half years. Activity strengthened in both manufacturing and services, with the manufacturing sector reaching its highest level in four years and the services sector its highest level in ten months. Germany recorded its third consecutive month of expansion, at the fastest pace in just under a year, while France returned to growth for the first time in ten months.

Germany: despite these positive eurozone figures, domestic corporate insolvencies reached their highest level in 13 years in the first half of 2026, with 12,812 insolvency filings, up 6.7% year on year. The transport and storage sectors were the hardest hit. This wave of corporate failures has occurred despite signs of recovery, with business sentiment reaching a one-year high in August. However, conditions tightened again in September, as annual inflation rose to 3.3%, its highest level since December 2023, exceeding market expectations of 3.2%. The increase was driven by a renewed surge in energy inflation, which accelerated to 14.9%, its highest level since February 2023, amid stalled negotiations between the United States and Iran and rising crude oil prices.

Switzerland: the KOF Economic Barometer rose to 109.1 in September, from 107.5 in August, significantly exceeding market expectations of 106.0. This sixth consecutive monthly increase brought the index to its highest level since September 2021, pointing to a continued improvement in the economic outlook. This positive momentum was driven primarily by manufacturing, services and construction. By contrast, the outlook for foreign demand, financial services and insurance weakened slightly.

US & EM

United States: consumer confidence fell to its lowest level since 2014, weighed down by persistent inflation and elevated fuel costs. The consumer confidence index dropped by 6.7 points to 81.8 in September, while one-year inflation expectations climbed to 5.1%. This sharp deterioration in sentiment amid continued price pressures complicates market forecasts regarding further interest rate hikes, as policymakers also assess the evolving economic outlook.

China: in contrast to the rest of the world, the People's Bank of China (PBOC) kept its key policy rates at historically low levels in September for the sixteenth consecutive month. The decision, in line with expectations, reflects a cautious approach amid the conflict in the Middle East and the appreciation of the yuan, even as exports continue to benefit from strong demand related to artificial intelligence. This accommodative monetary policy is intended to offset persistently mixed economic indicators. Accelerating industrial production has masked a slowdown in retail sales, which came in below expectations. However, the official manufacturing PMI rose to 50.1 in September, from 49.8 in August. In line with forecasts, this marked the first expansion in manufacturing activity since June, supported by a rebound in demand.

Market Data Indices

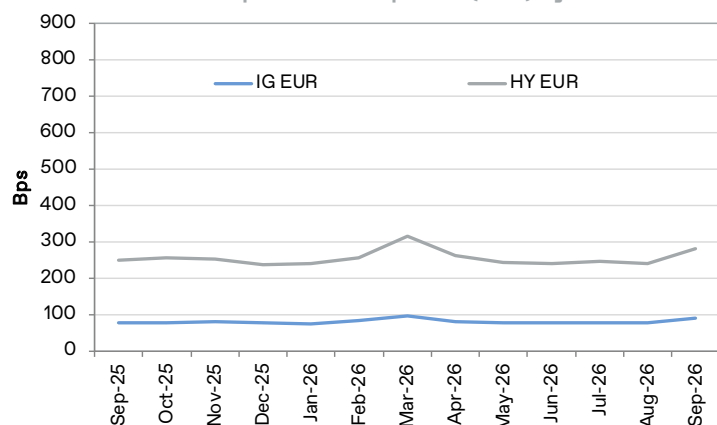
Indices (end of September)	Performance			
High Yield	MTD	YTD	Duration	Yield
Corporates High Yield Europe	-1.79%	0.12%	3.25	6.60%
Corporates High Yield United States	-2.52%	0.05%	3.33	8.31%
Corporates High Yield Europe Excluding Financials	-1.62%	0.37%	3.11	6.39%
Corporates High Yield United States Excluding Financials	-2.42%	0.35%	3.39	7.93%
High Yield Emerging Markets	-2.38%	2.42%	3.85	8.33%
Investment Grade				
Corporates Investment Grade Europe	-1.33%	-1.10%	4.41	4.37%
Corporates Investment Grade United States	-2.68%	-2.95%	6.28	6.04%
Investment Grade Emerging Countries	-2.57%	-2.60%	5.51	5.96%
Governments				
7-10 Year German Bond	-1.77%	-3.05%		3.52%
7-10 Year US Bond	-3.34%	-4.60%		5.24%

Inflation (end of September)					
Realized inflation	September	August	July	6M	12M
Realized inflation in Europe (rolling 12-month)	3.80%	3.20%	2.90%	2.60%	2.20%
Realized inflation in the United States (rolling 12-month)		3.40%	3.40%	3.30%	3.00%

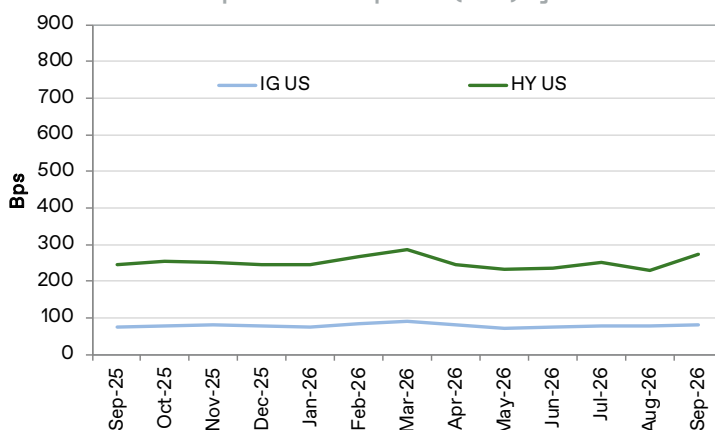
Month-to-date = MTD
Year-to-date = YTD

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EUR Corporate Bond Spreads (OAS) by Index



US Corporate Bond Spreads (OAS) by Index



Corporate Bond Spreads

	September	August	July	12 months
Europe				
Corporates Investment Grade Europe	89	78	78	78
Corporates High Yield Europe	302	259	269	272
Corporates High Yield Europe Excluding Financials	280	239	247	249
Corporate Bonds rated A Europe	81	71	70	70
Corporate Bonds rated BBB Europe	103	90	90	90
Corporate Bonds rated BB Europe	194	154	164	179
Corporate Bonds rated B Europe	376	332	343	323
United States				
Corporates Investment Grade United States	82	79	78	75
Corporates High Yield United States	310	260	280	273
Corporates High Yield United States Excluding Financials	272	228	250	246
Corporate Bonds rated A United States	70	66	66	62
Corporate Bonds rated BBB United States	100	96	97	94
Corporate Bonds rated BB United States	190	149	168	172
Corporate Bonds rated B United States	312	264	293	271
Emerging Countries				
Investment Grade Emerging Countries	88	81	86	83
High Yield Emerging Countries	332	311	322	352
Corporate Bonds rated A Emerging Countries	74	65	70	65
Corporate Bonds rated BBB Emerging Countries	114	106	112	112
Corporate Bonds rated BB Emerging Countries	225	204	218	228
Corporate Bonds rated B Emerging Countries	390	359	366	408

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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