Vontobel

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Navigating credit markets

Global Credit Outlook

Fixed Income Boutique

Summer 2026

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Global Credit – 10 major topics for the summer

Macroeconomics	Microeconomics	Technical Factors	Valuation
1. What to expect from global growth? 2. Will inflation accelerate due to the Middle-East situation? 3. What are central banks likely to do?	4. What is the trend for credit metrics? 5. What is the direction for credit ratings? 6. Is the AI boom a risk for the bond market?	7. Is bond issuance well absorbed? 8. What are the drivers behind the debt supply?	9. Are corporate bonds still attractive? 10. Where can I find value in global credit?

Our monthly scorecard evaluates the four main driving factors for global credit: Macroeconomics (economic trends and monetary policy), Microeconomics (corporate fundamentals), Technical Factors (flows, new issues, etc.) and Valuation.
Our market outlook follows this structure. Vontobel, 05.2026.

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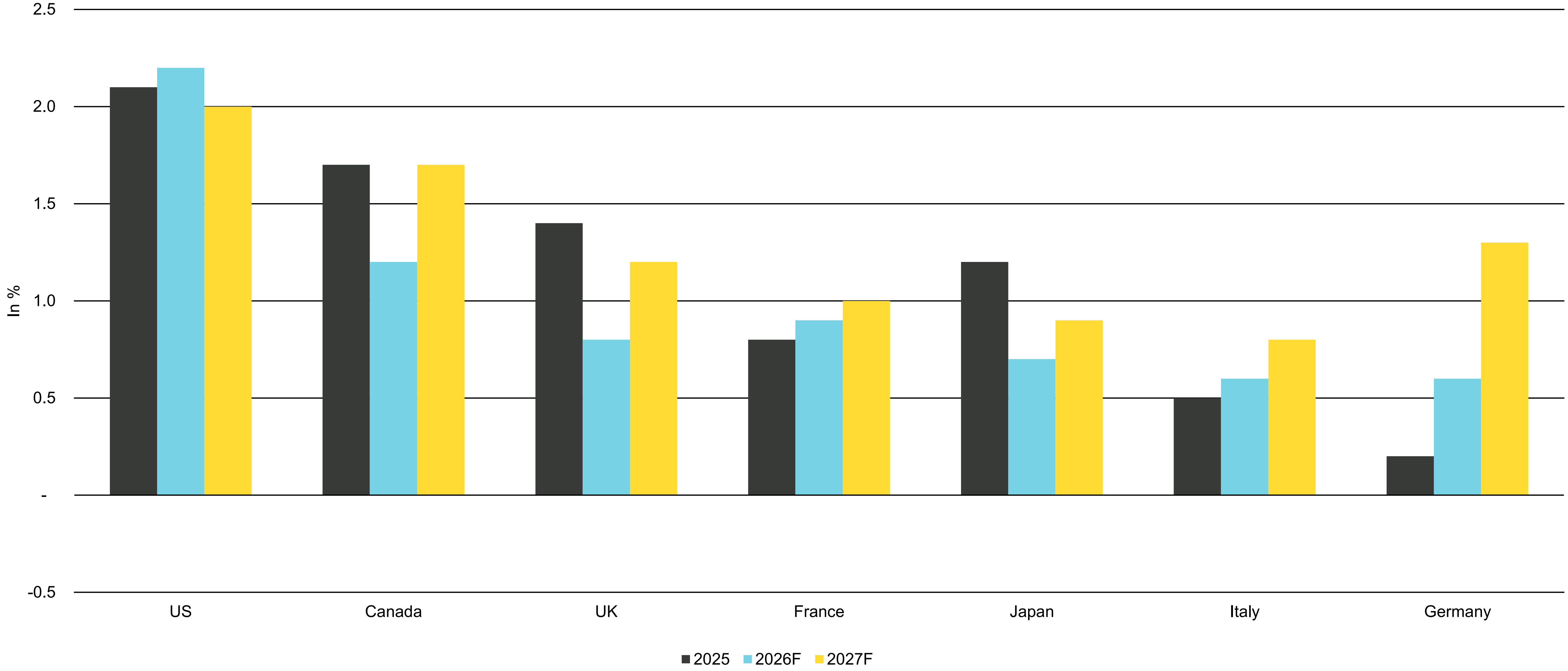
#1. Decent growth in the US, while the rest of the G7 countries is likely to catch up,...

Macro

Median Bloomberg forecasts of real GDP growth for G7 countries



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Source: Bloomberg, Vontobel, 05.2026.

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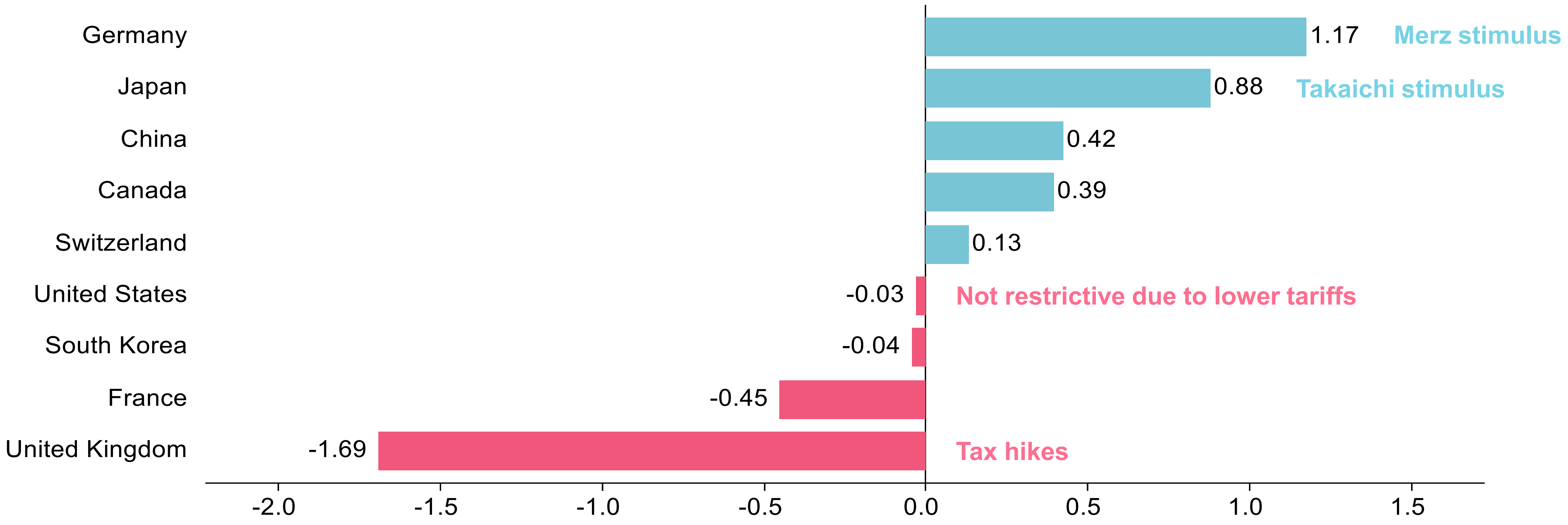
Macro

...helped by stimulative fiscal policy.

Expected fiscal impulse for 2026 (in % of GDP)



Fiscal impulse: Fiscal impulse is a measure of the discretionary change in a government's budget balance, used to assess how much fiscal policy (taxing and spending) contributes to or subtracts from economic growth.
Source: IMF, LSEG, Vontobel, 05.2026.

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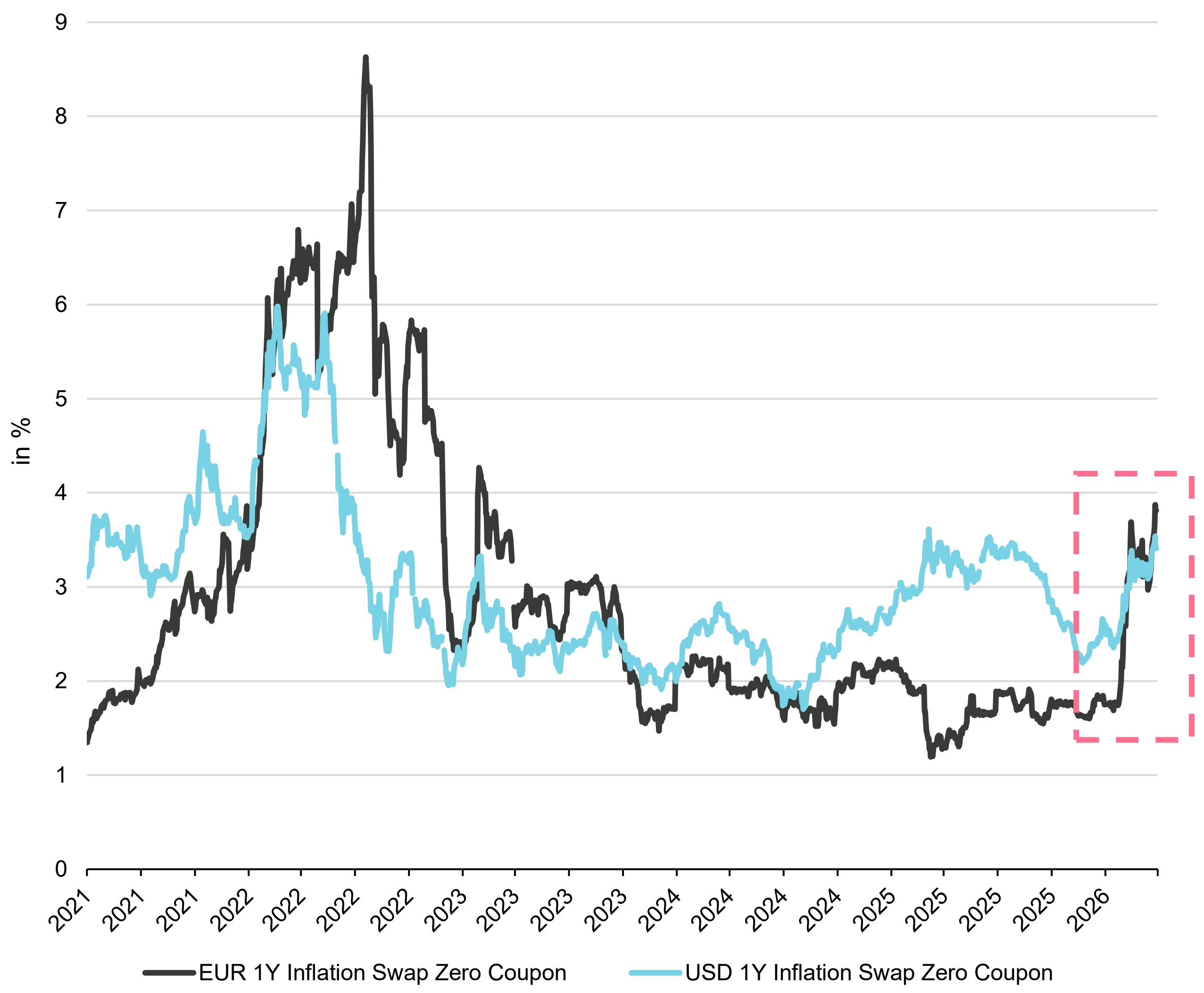
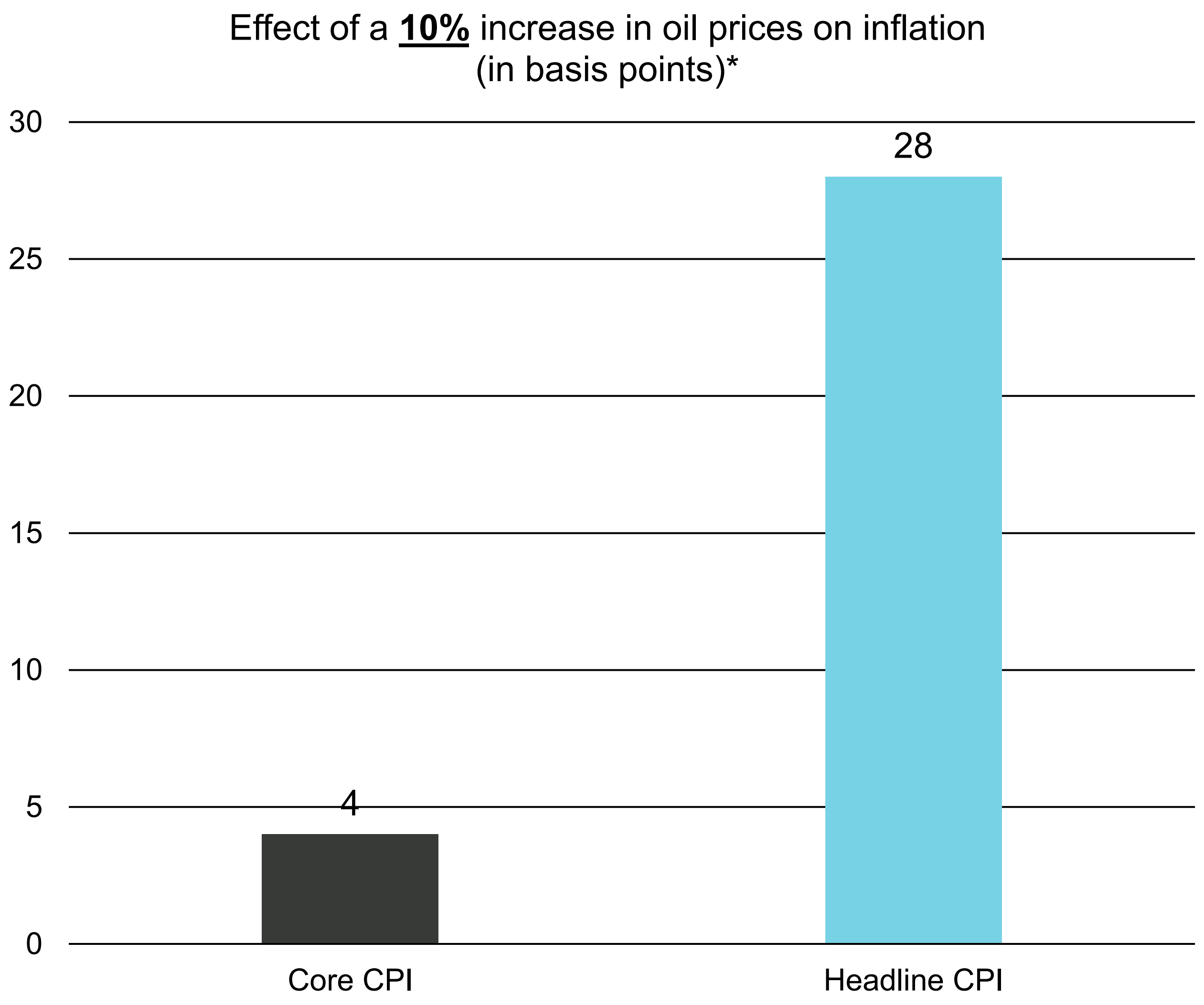
#2. Upside inflation pressure is building, particularly in Europe…

Macro

Inflation expectation in Europe and the US



Meaningful effect on headline CPI, but less on core CPI



Source: Bloomberg, Vontobel, Goldman Sachs, 05.2026. *Goldman Sachs calculations

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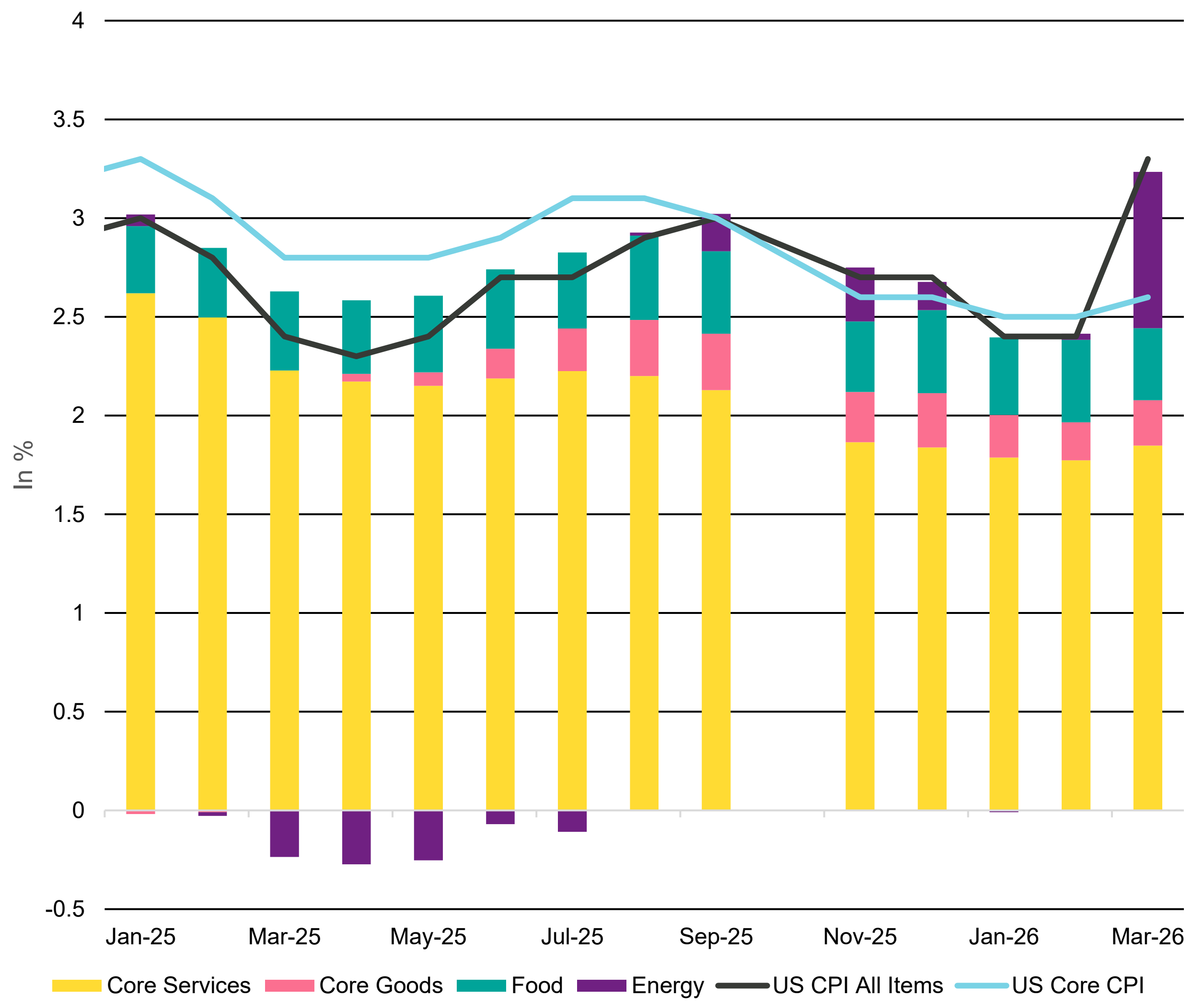
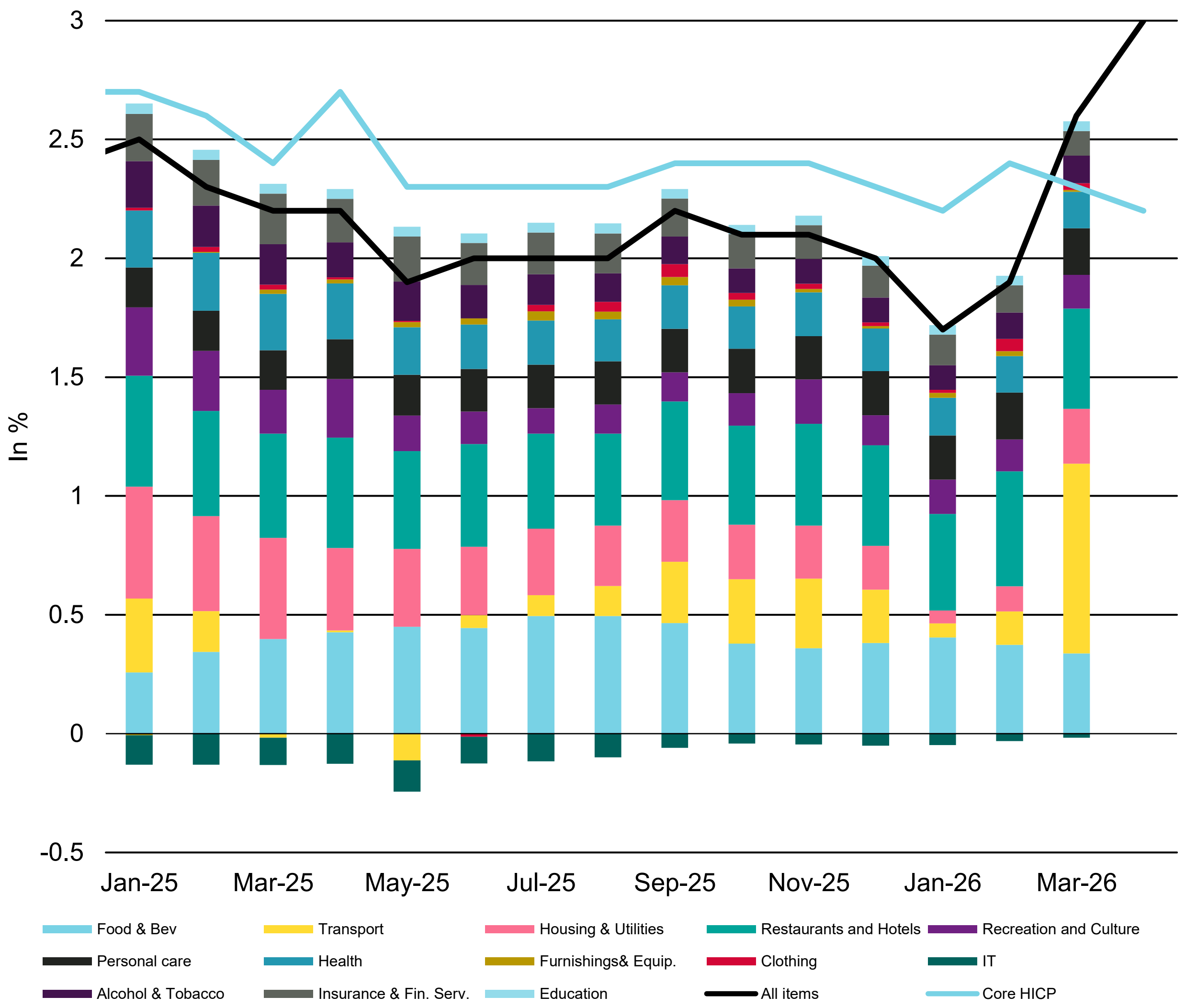
Macro

…impacting headline inflation more than core inflation.

Major US inflation components



Major EU inflation components



Source: Bloomberg, Bureau of Labor Statistics, Eurostat, Vontobel, 05.2026. Note: no inflation data for the US for October 2025 due to the government shut-down.

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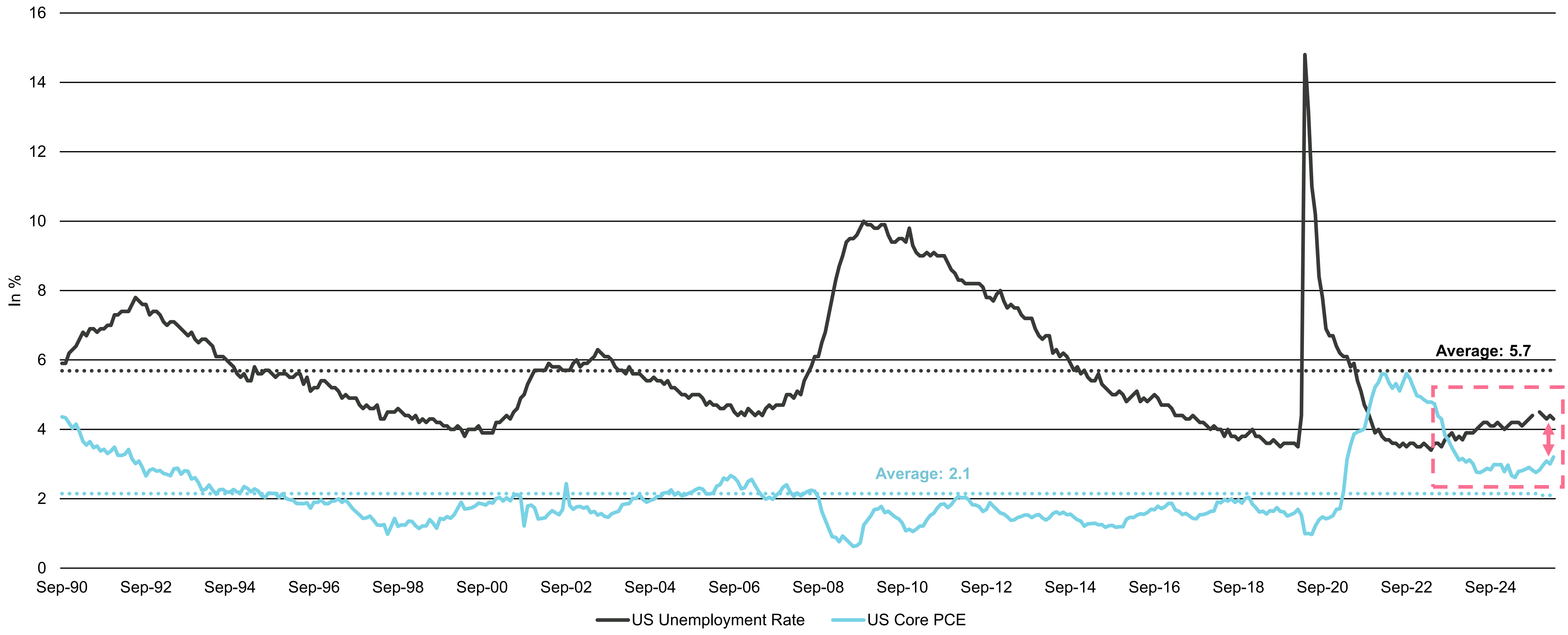
#3. The Fed's Dilemma: boost the economy or tame inflation?

Macro

Core inflation has remained sticky despite a deteriorating job market



Please note that there is no October 2025 data point due to the US government shutdown.
Source: Bloomberg, Bureau of Labor Statistics, Vontobel, 05.2026.

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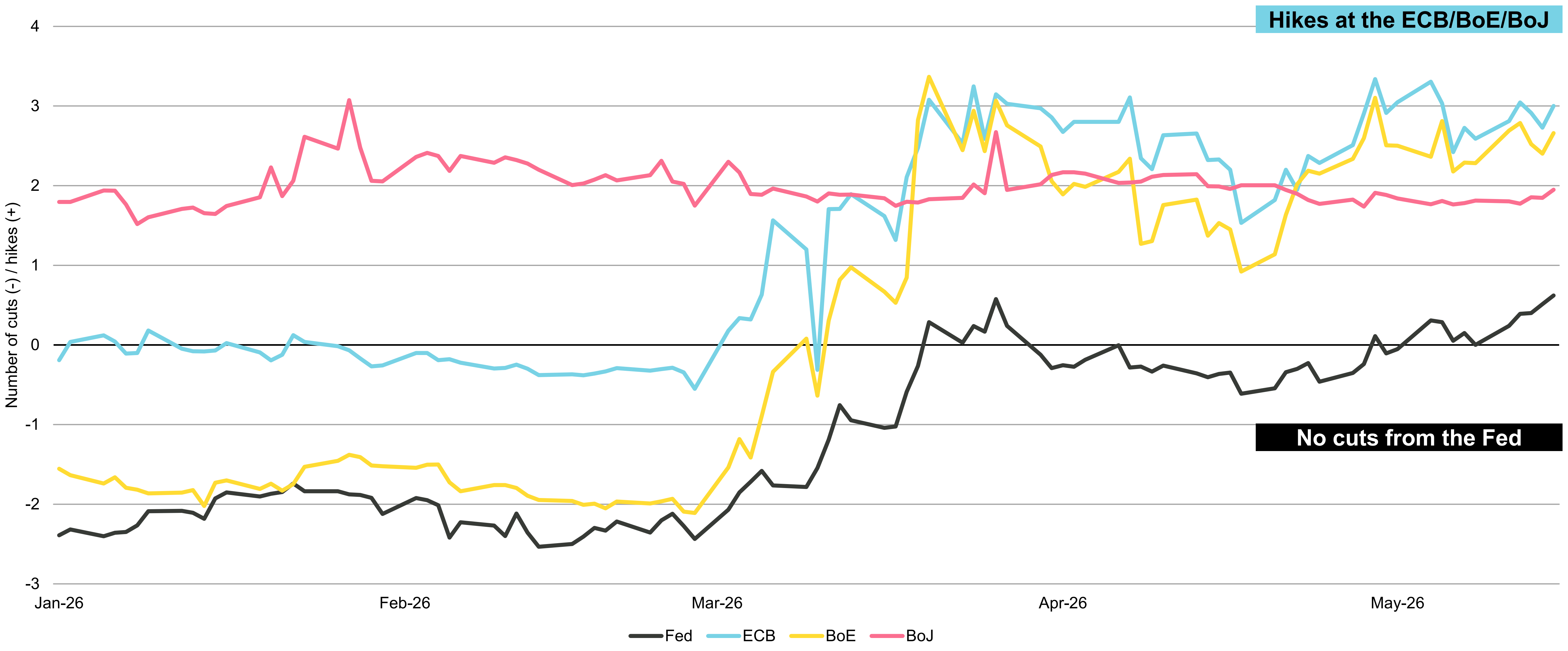
Central Bank policy rates are expected to rise, except for the US.

Macro

Central Banks policy rates cuts/hikes (#)



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Source: Implied Central Bank rate according to the US Futures market (Fed) and OIS markets (ECB, BoJ & BoE), Bloomberg, Vontobel, 05.2026.

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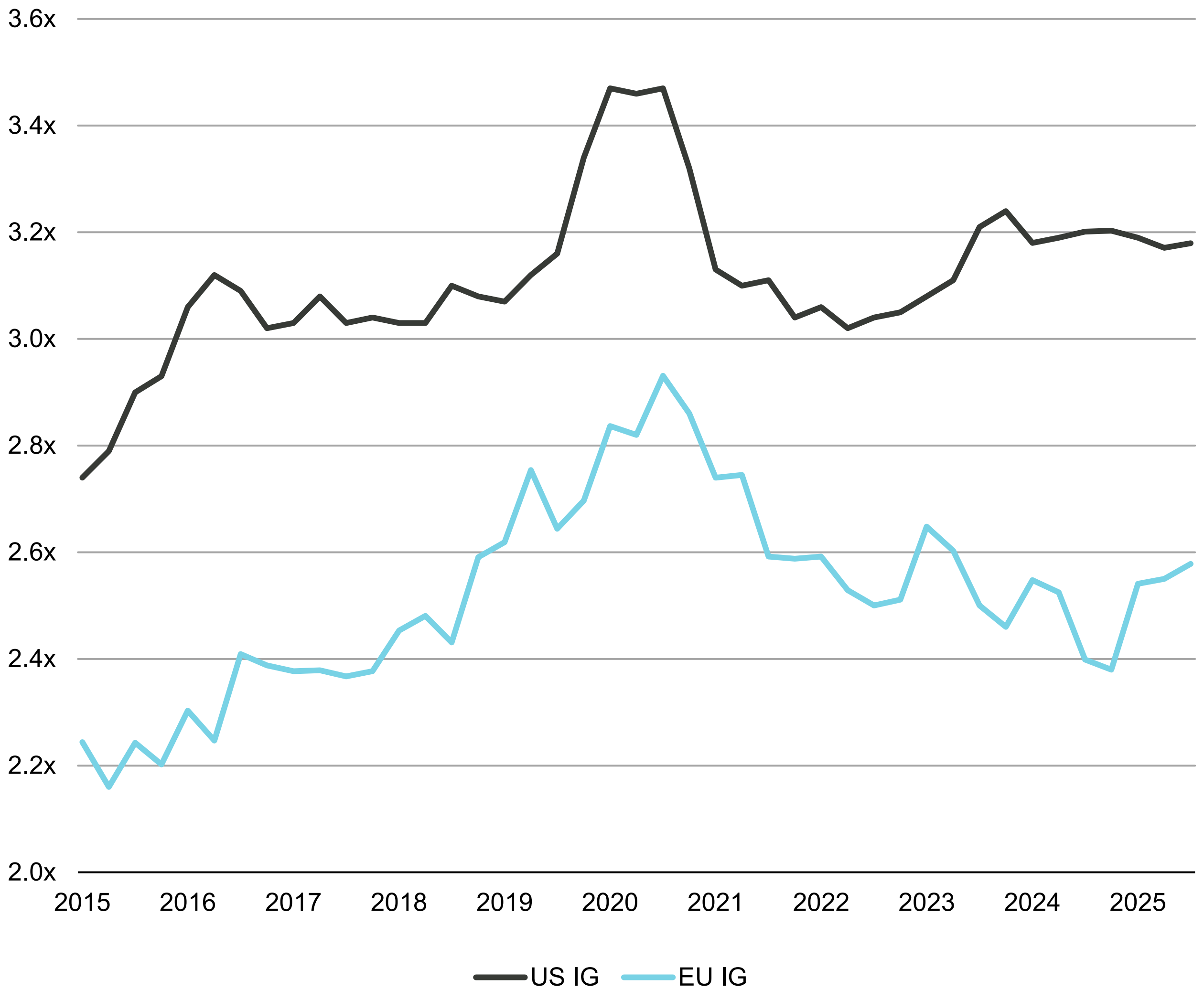
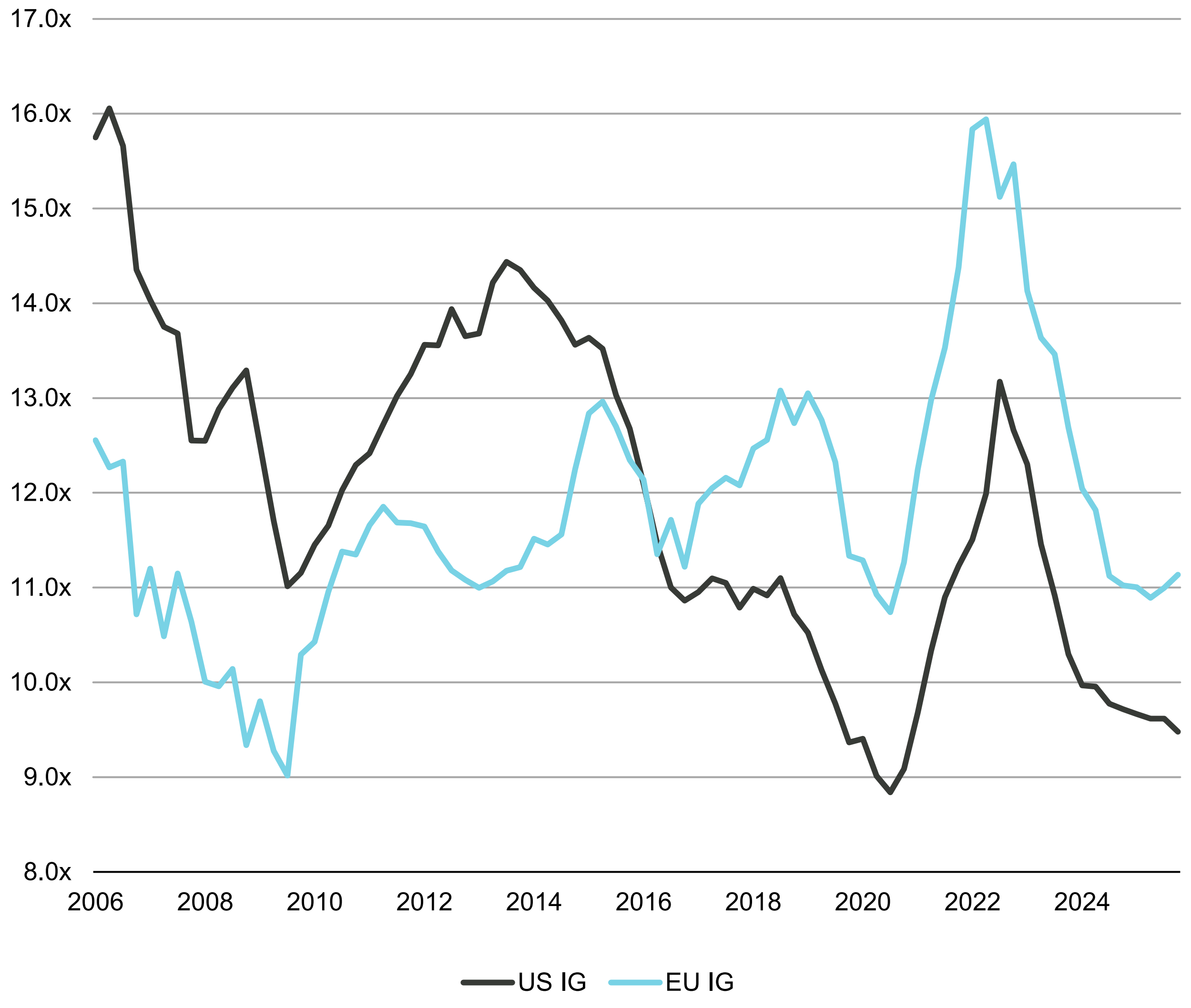
#4. Corporates are well positioned with broadly stable credit metrics, and...

Micro

Gross leverage



Interest coverage



Source: Bloomberg, JP Morgan, Vontobel, 05.2025. Note: Data includes Q4 2025 results of US Investment Grade Non-Financial issuers.

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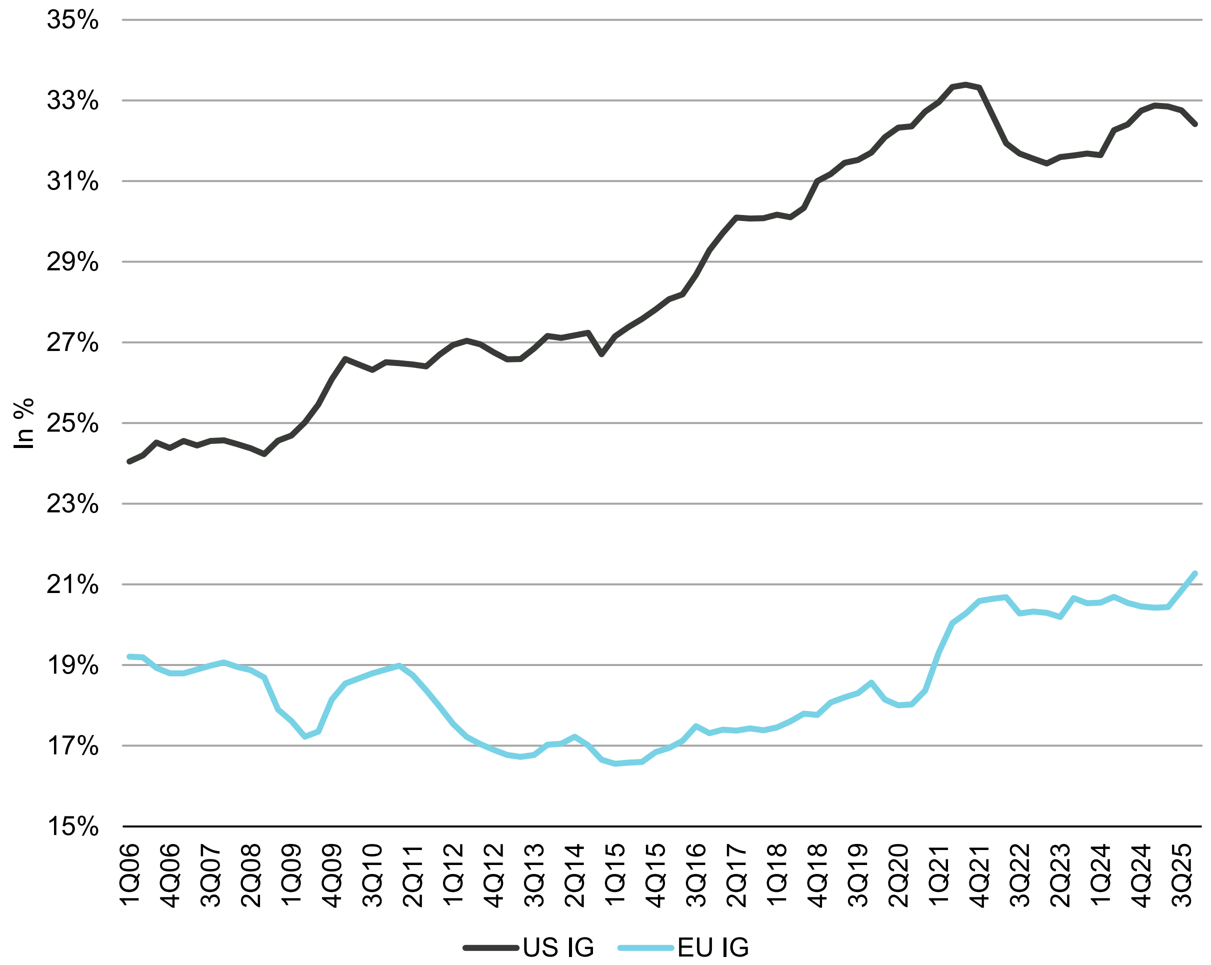
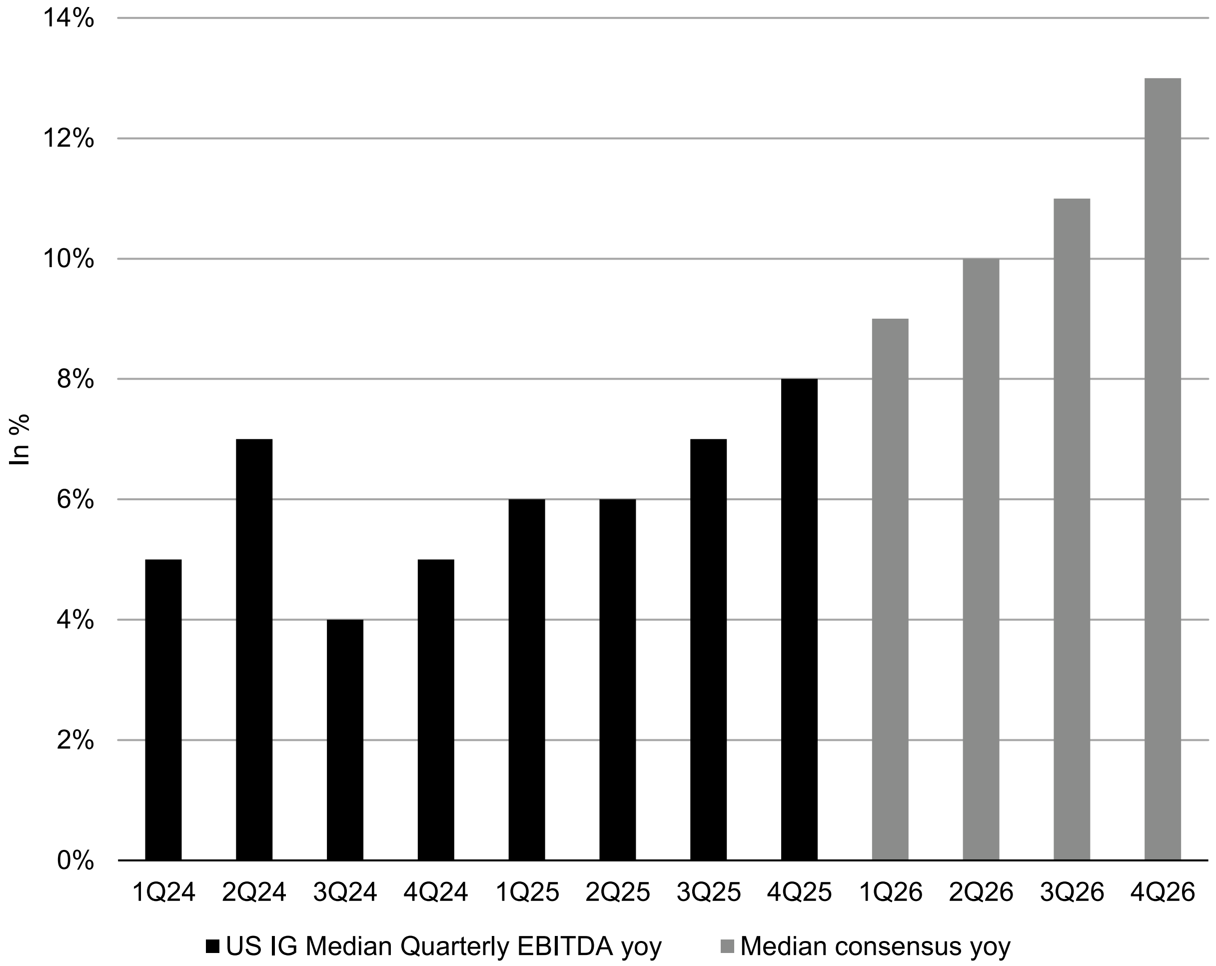
…margins close to all-time highs and strong EBITDA growth expectations.

Micro

EBITDA margins



EBITDA growth expectations (US)



Source: BAML, Morgan Stanley, Vontobel, 05.2025. Note: Data includes Q4 2025 results of US Investment Grade Non-Financial issuers. Net leverage = Total debt minus cash divided by EBITDA.
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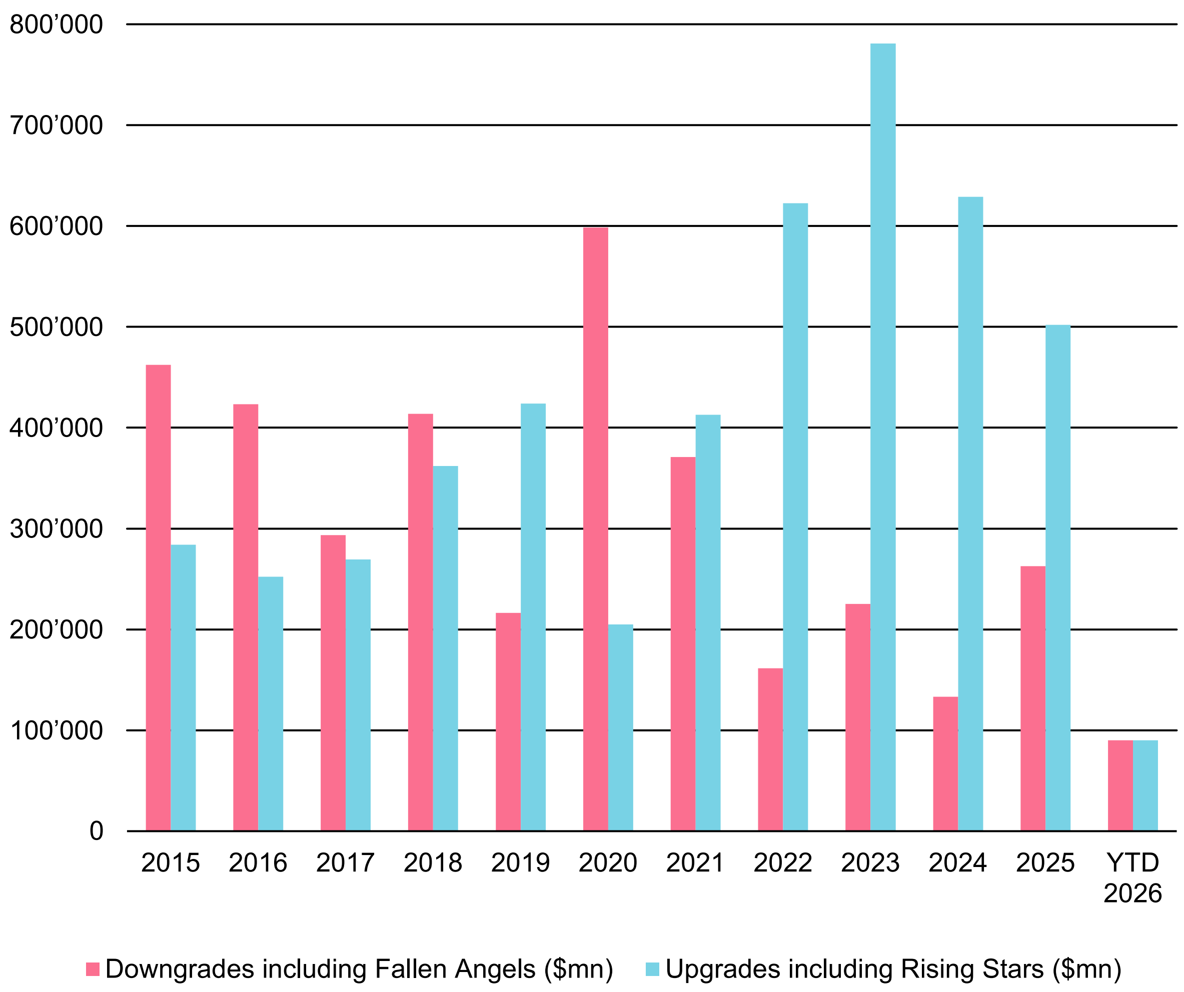
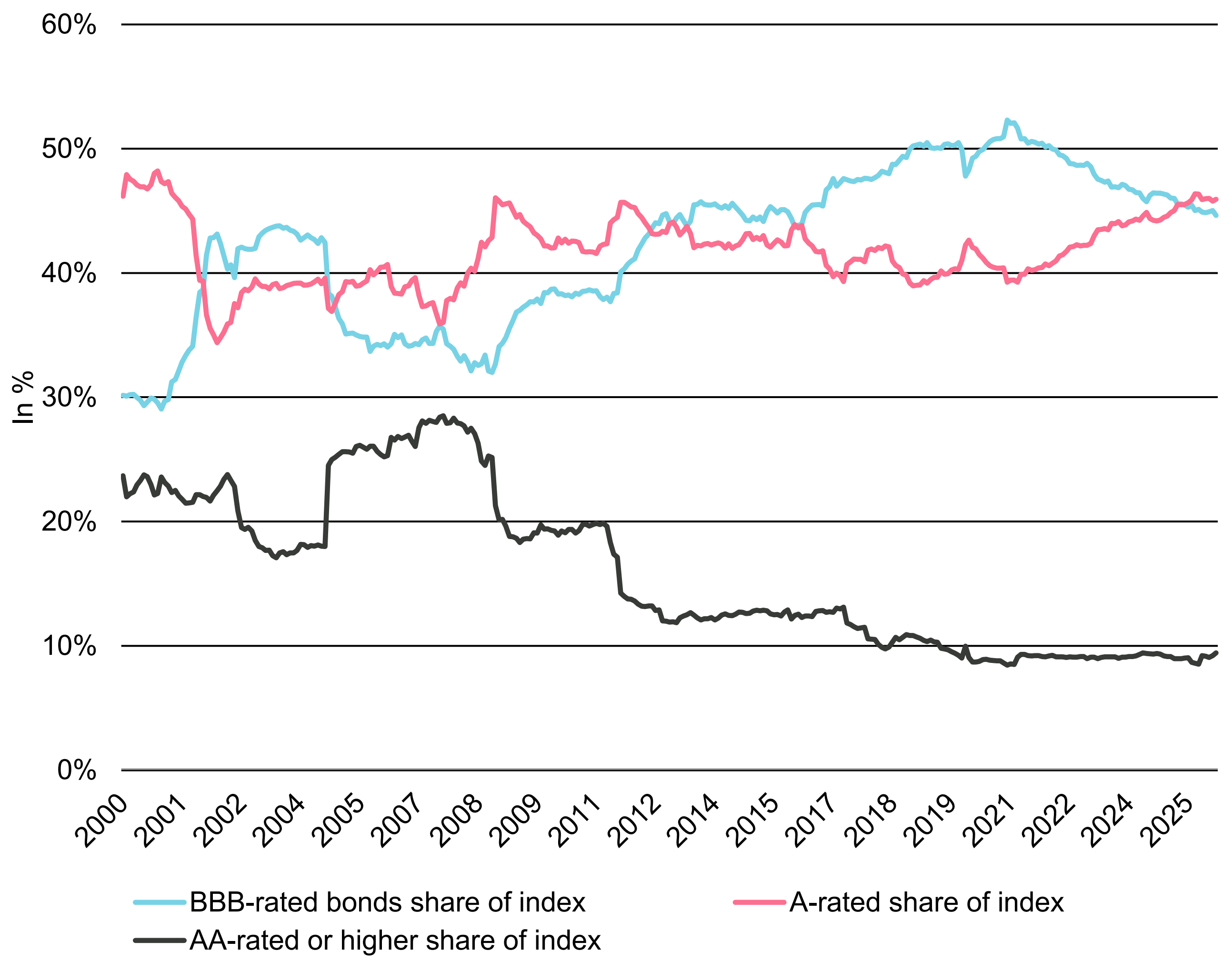
#5. Positive rating trend translating into a higher quality investment universe…

Micro

Rating trend remains positive but slowing down



Quality in indices improving (US IG)



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Source: JP Morgan, Bank of America, Vontobel, 05.2026.

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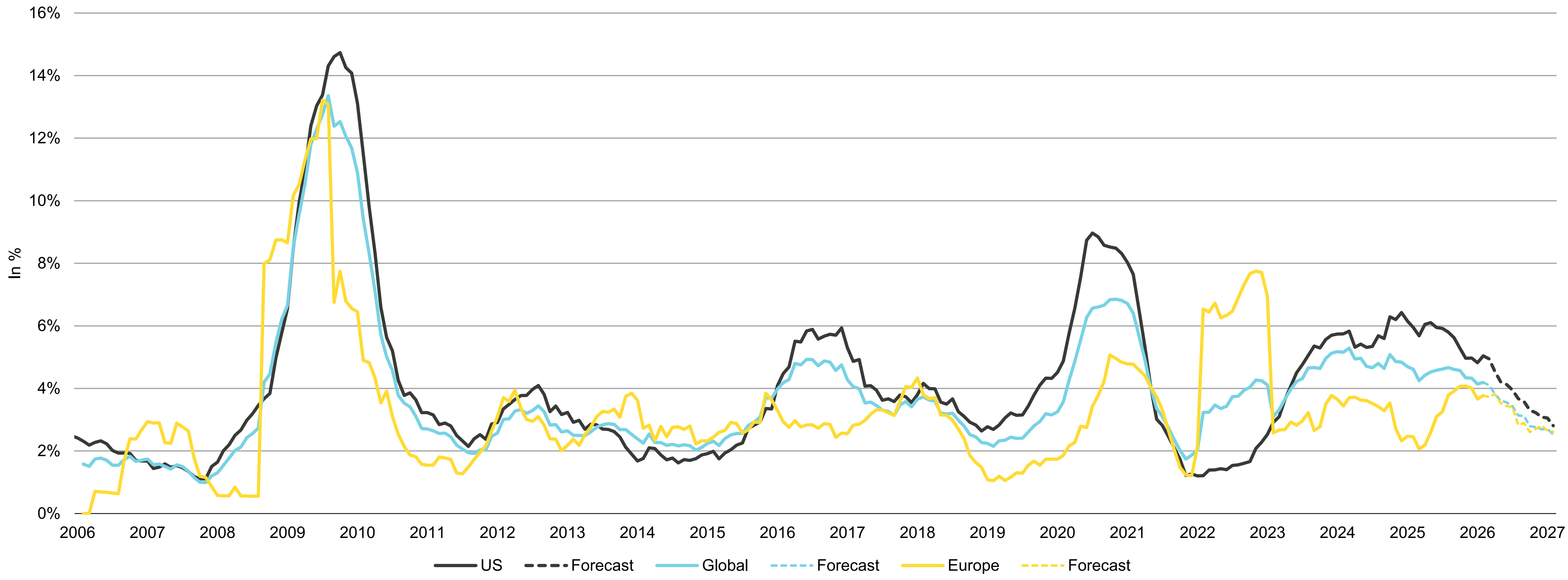
… and credit default rates are expected to trend lower.

Micro

US actual and forecasted default rates by Moody's



Any projections or forward-looking data herein are based on a variety of estimates and assumptions. There can be no assurance that those estimates or assumptions will prove accurate, and actual results may differ materially.
Source: Moody's, Vontobel, 05.2026. Forecast done by Moody`s.

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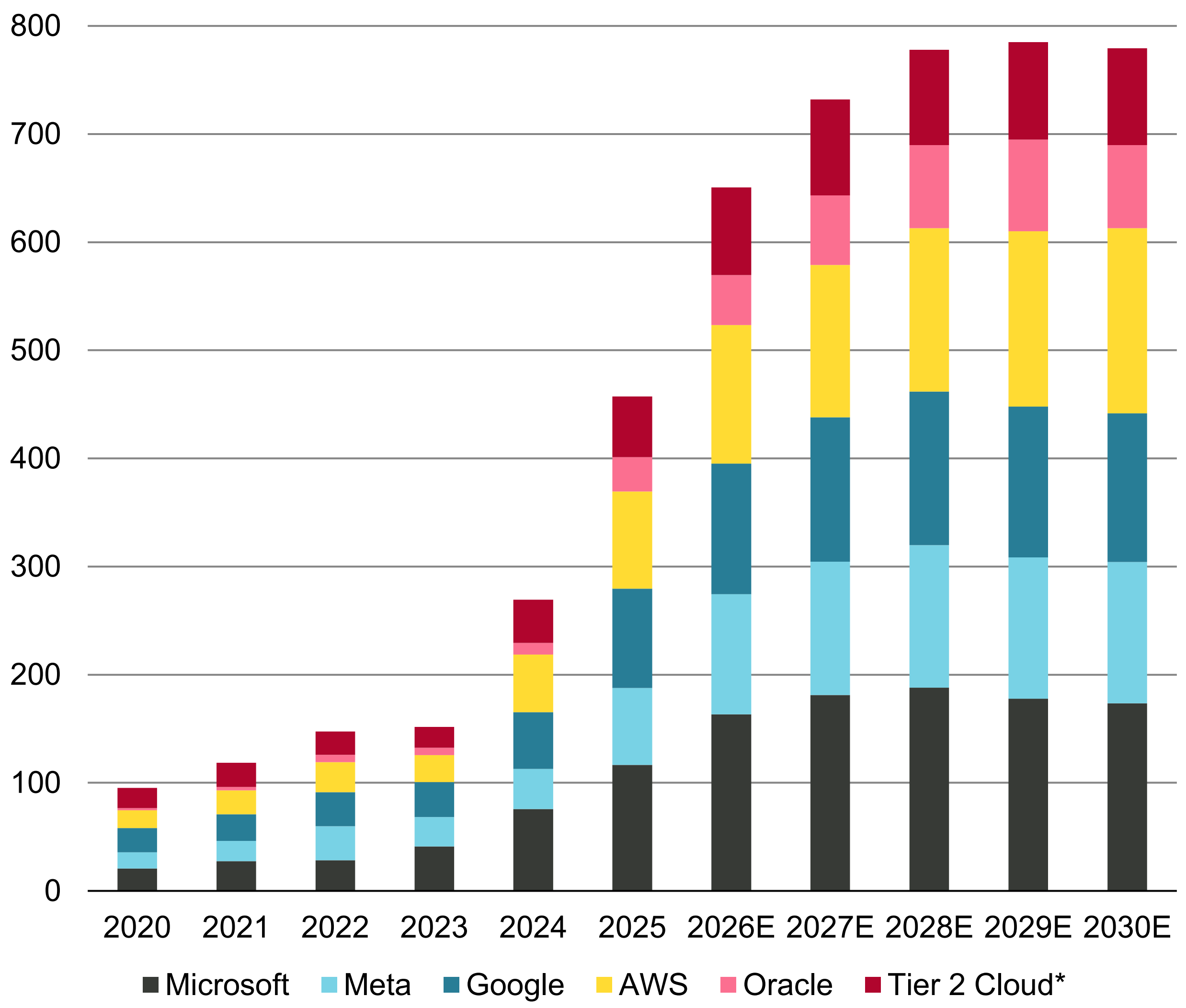
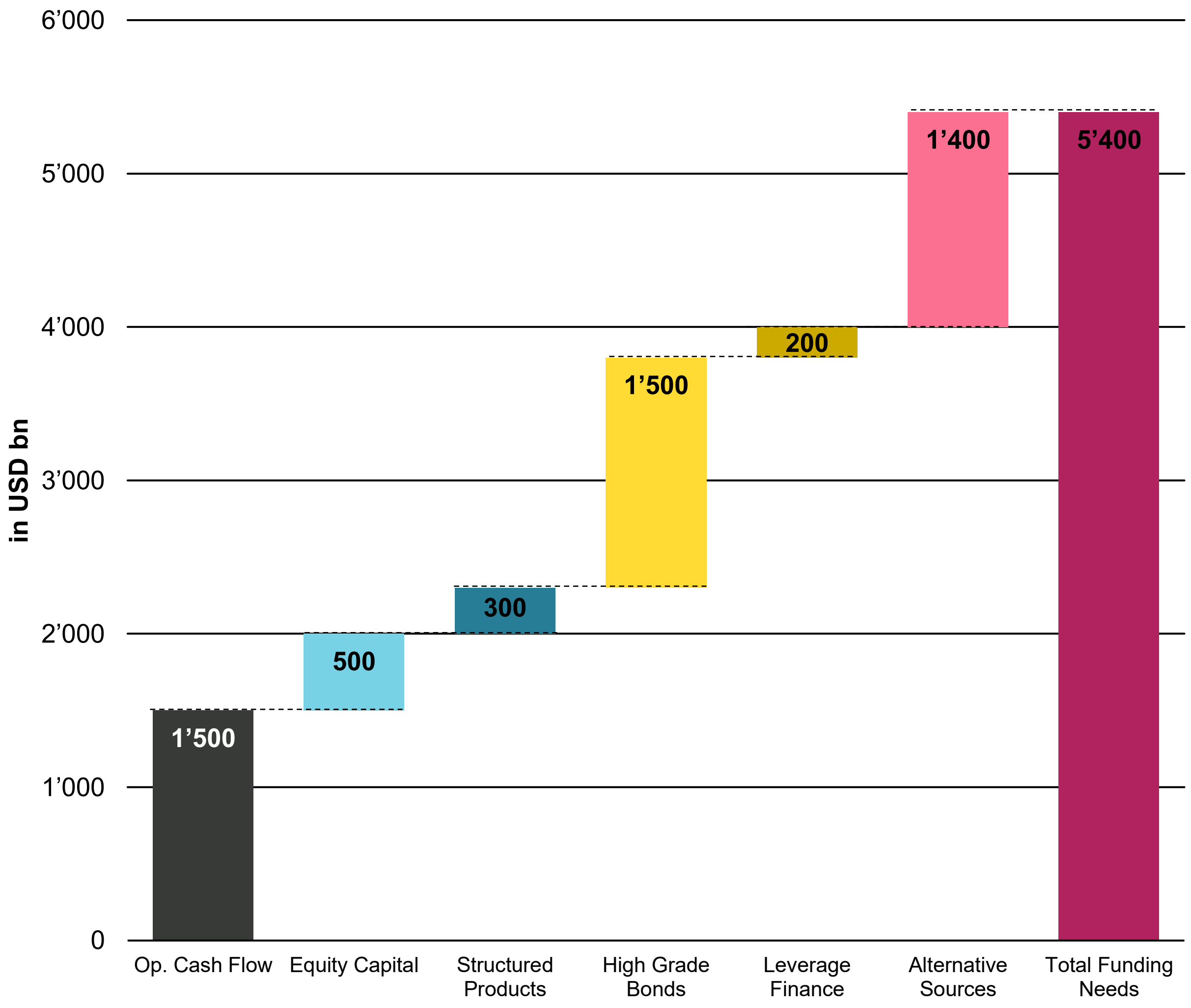
#6. AI related capex is significant and total funding sources could be enormous.

Micro

Capex spending by hyperscalers (in USD bn)



Estimates of total AI & data center funding sources**



Any projections or forward-looking data herein are based on a variety of estimates and assumptions. There can be no assurance that those estimates or assumptions will prove accurate, and actual results may differ materially. Source: Bank of America, JP Morgan, Vontobel, 04.2026. Note: Big Four Tech firms shown are Meta, Amazon, Alphabet, Microsoft. Bloomberg consensus estimates. Dividends are assumed to be held flat. Does not include share repurchases. *Tier 2 Cloud are essentially, Tencent, Alibaba, Apple and Coreweave ** Total Funding Sources are estimates to build out global data center and AI infrastructure and related power supplies. These are estimates only and could differ materially from the actual costs. Growth constraint by energy & power, real estate, water, commodity prices. Any projections or forward-looking data herein are based on a variety of estimates and assumptions. There can be no assurance that those estimates or assumptions will prove accurate, and actual results may differ materially.

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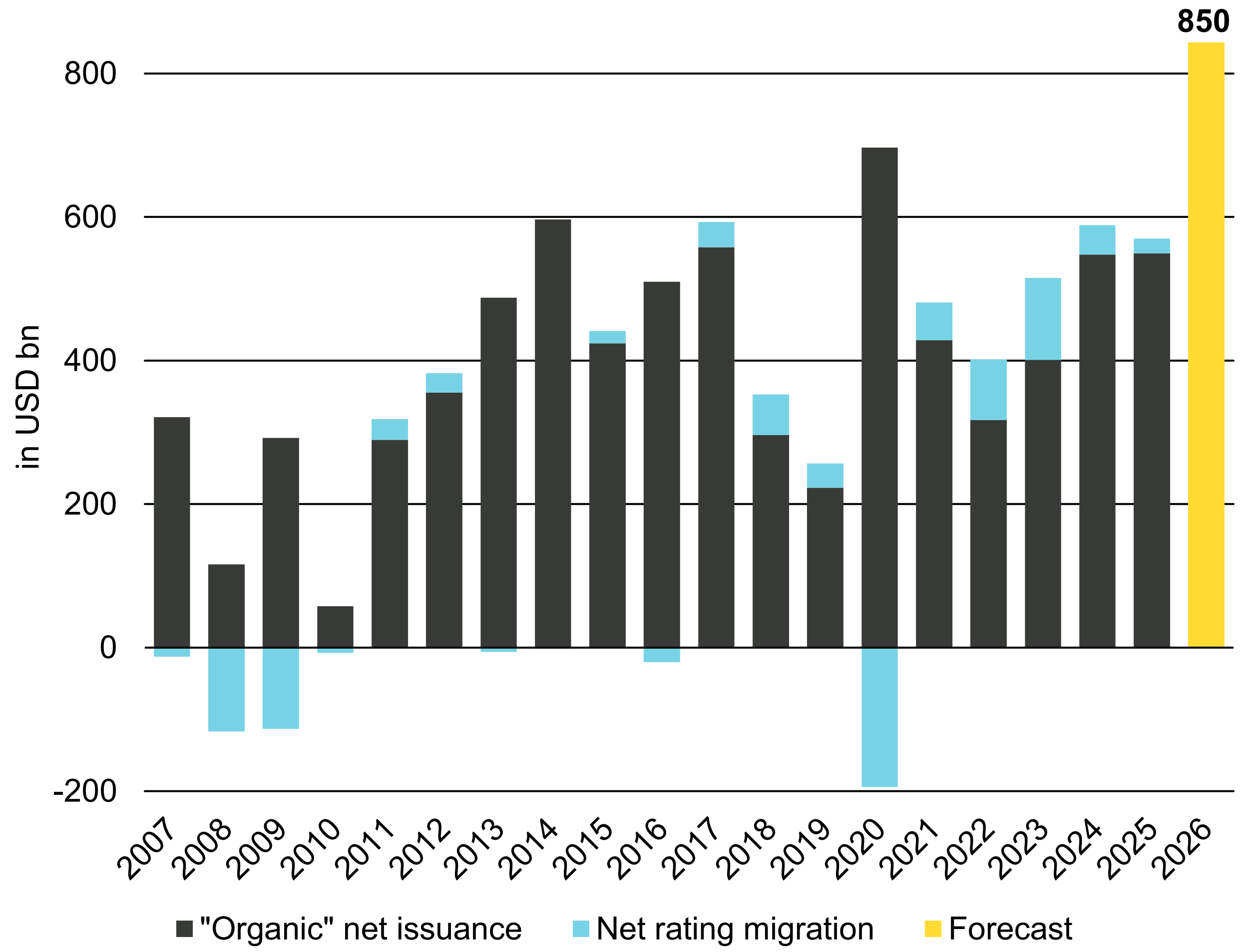
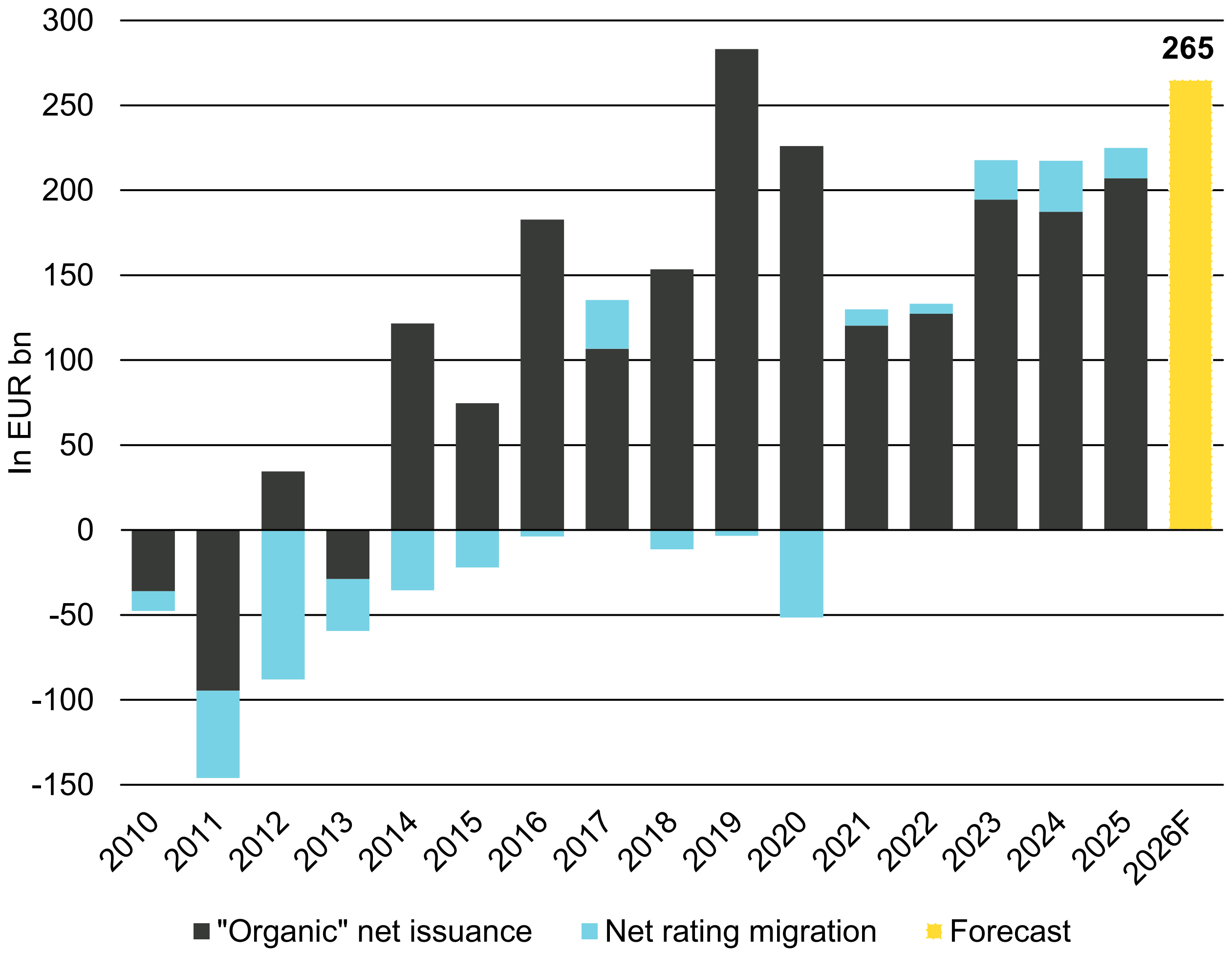
#7. Global corporate bond issuance remains at elevated levels, …

Technicals

USD IG net bond supply and rating migration



EUR IG net bond supply and rating migration



Any projections or forward-looking data herein are based on a variety of estimates and assumptions. There can be no assurance that those estimates or assumptions will prove accurate, and actual results may differ materially.
"Organic" net issuance = normal bond issuance volumes. Source: Goldman Sachs, Vontobel, 05.2026.

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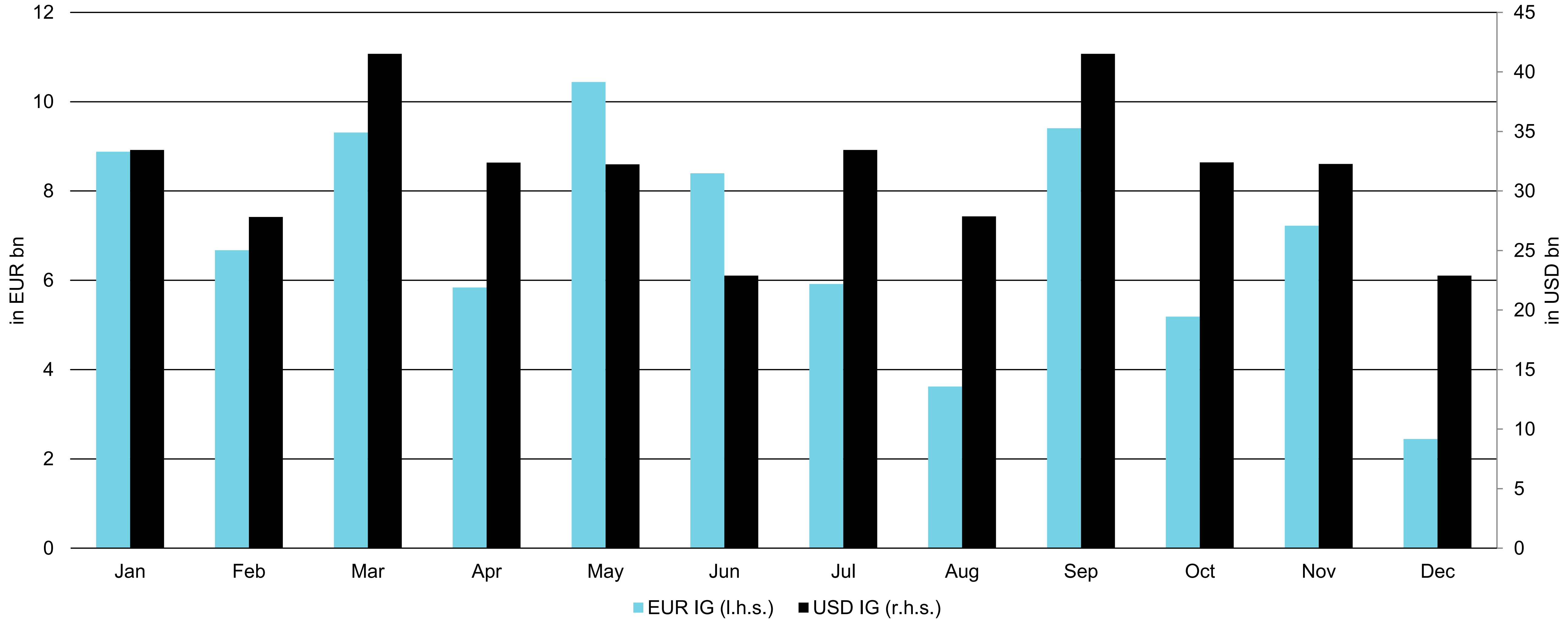
...absorbed partially by coupon payments creating a natural demand for credit.

Technicals

Monthly coupon payments in USD and EUR IG for 2026



Source: Société Générale CIB, Vontobel, 05.2026.

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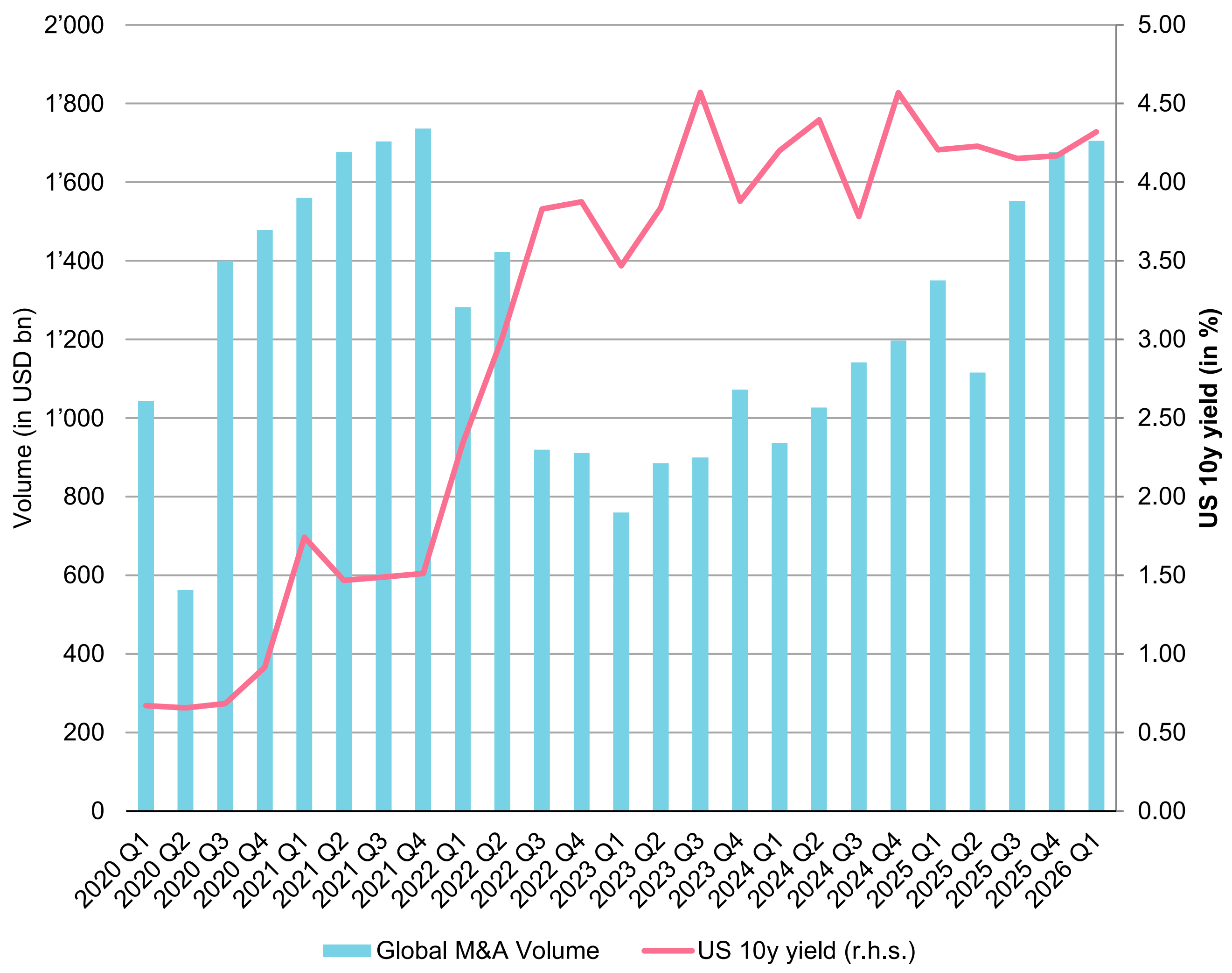
#8. Bond supply also driven by increasing M&A activities…

Technicals

M&A activities up, despite higher yields



Recent, large M&A transactions

Companies involved	Deal volume	Sector
Warner Brothers / Discovery	c. USD 100bn	Media
Union Pacific / Norfolk	c. USD 88bn	Transportation
Kimberly-Clark / Kenvue	c. USD 42bn	Consumer
Aligned Data Centers Acquisition	c. USD 40bn	Technology
Charter Communication / Cox	c. USD 35bn	Telecommunications

Source: Bloomberg, Vontobel, 05.2026. Note: US Generic Government 10y Index from Bloomberg (USGG10YR), quarterly yields.

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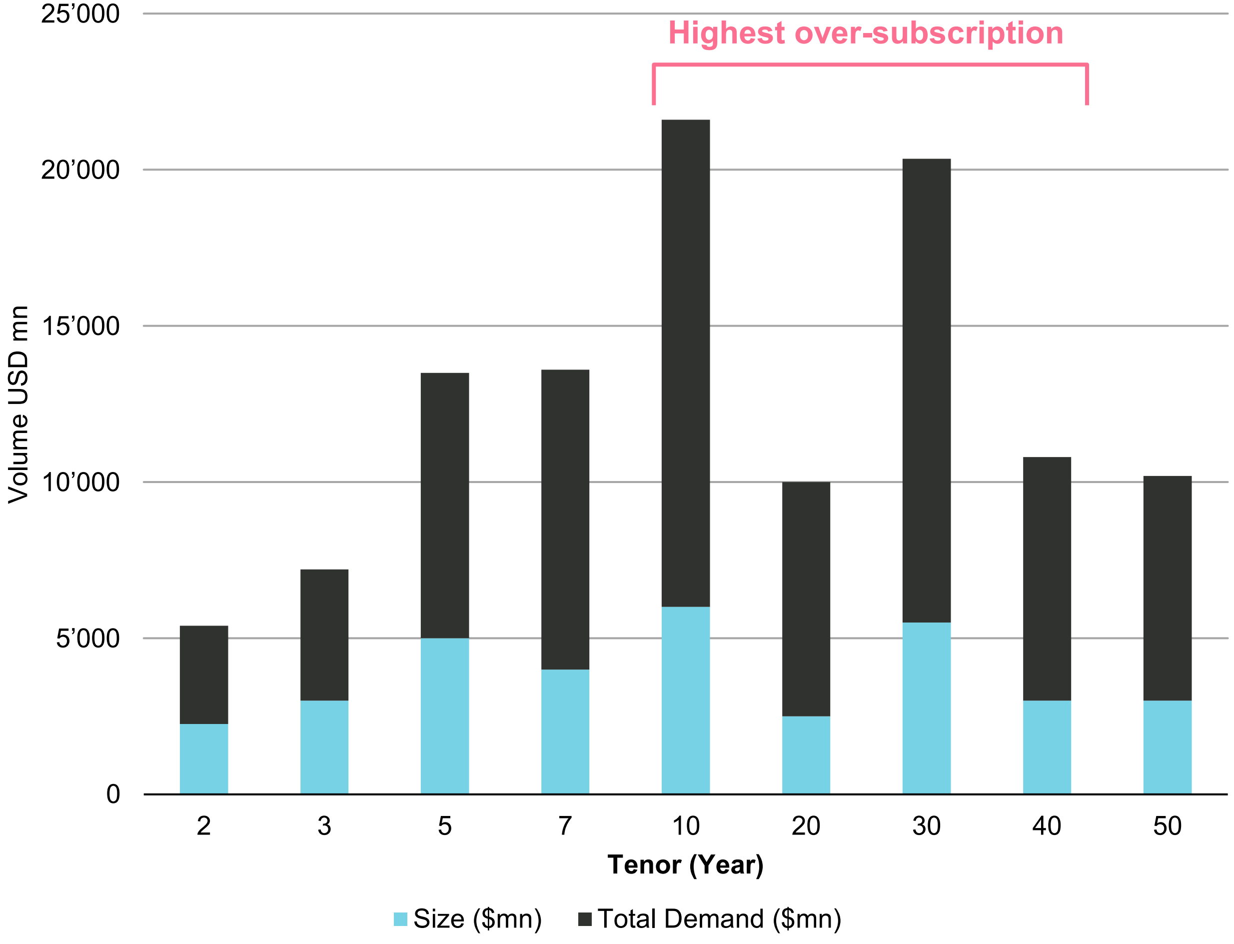
…while AI/Hyperscalers are changing the structure of the corporate bond market.

Technicals

Amazon multi-tranche issuance during March 2026



AI bond issuance to reshape indices

Current IG Issuer		
Rank	**Company**	**Weight**
1	JP Morgan	1.9%
2	Bank of America	1.7%
3	Morgan Stanley	1.6%
4	Citi	1.2%
5	Wells Fargo	1.2%
6	Goldman Sachs	1.2%
7	Oracle	1.0%
8	AT&T	1.0%
9	HSBC	0.9%
10	Verizon	0.9%
11	Comcast	0.8%
15	Amazon	0.7%
17	Meta	0.6%
42	Microsoft	0.4%
67	Google	0.3%

After Funding 20% AI Capex		
Rank	**Company**	**Weight**
1	JP Morgan	1.8%
2	Bank of America	1.6%
3	Amazon	1.6%
4	Morgan Stanley	1.5%
5	Meta	1.4%
6	Microsoft	1.4%
7	Oracle	1.2%
8	Google	1.2%
9	Citi	1.2%
10	Wells Fargo	1.2%
11	Goldman Sachs	1.1%
12	AT&T	0.9%
13	HSBC	0.9%
14	Verizon	0.8%
15	Comcast	0.8%

Source: Apollo, Bloomberg, Vontobel, 05.2026. Note: The tables above assume that hyperscalers issue IG debt to fund 20% of the expected capex for 2026-2029, while the rest of the IG universe grows at 5% p.a. Market weights in the ICE BofA US credit index as of December 2025.

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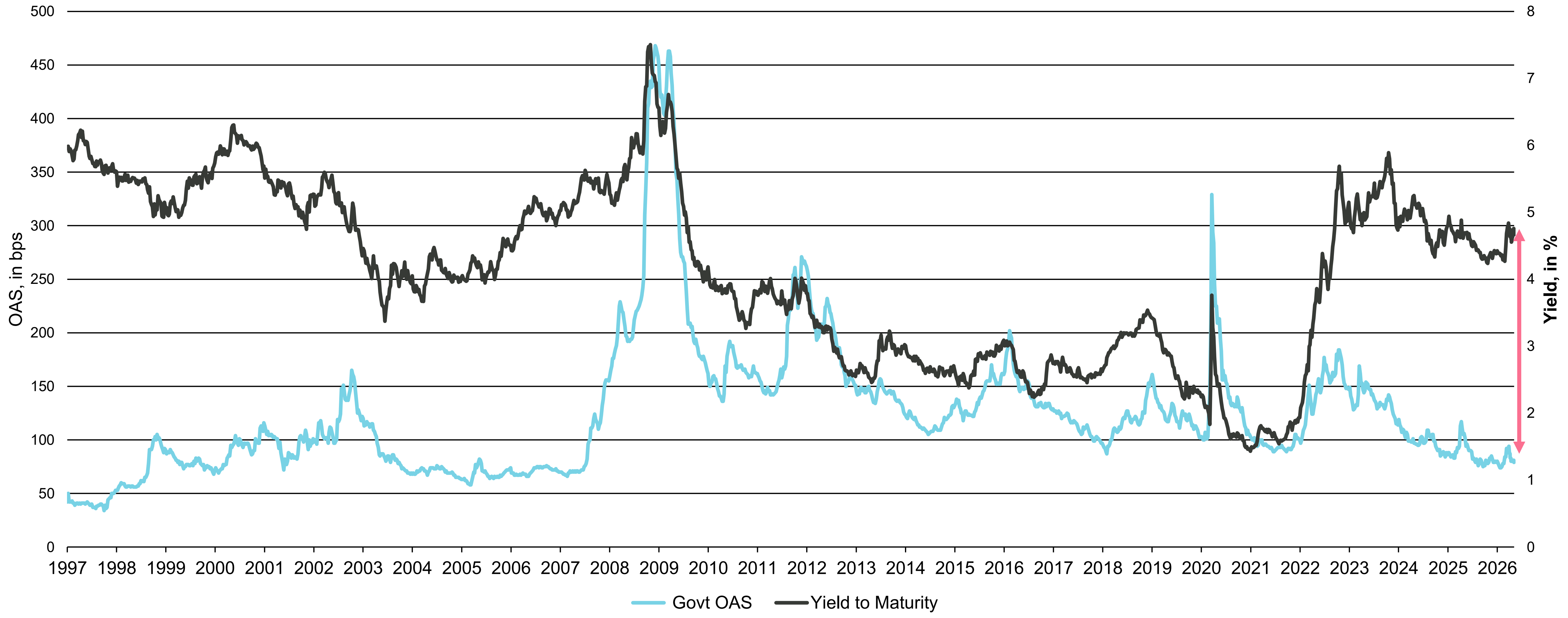
#9. Corporate bond yields at multi-year highs, attracting investors.

Valuation

Global Corporate bonds spreads and yields



Past performance is not a reliable indicator of current or future performance.
The presented figures are from the ICE BofA Global Corporate Bond Index (G0BC Index). Source: Bank of America, Vontobel, 05.2026.

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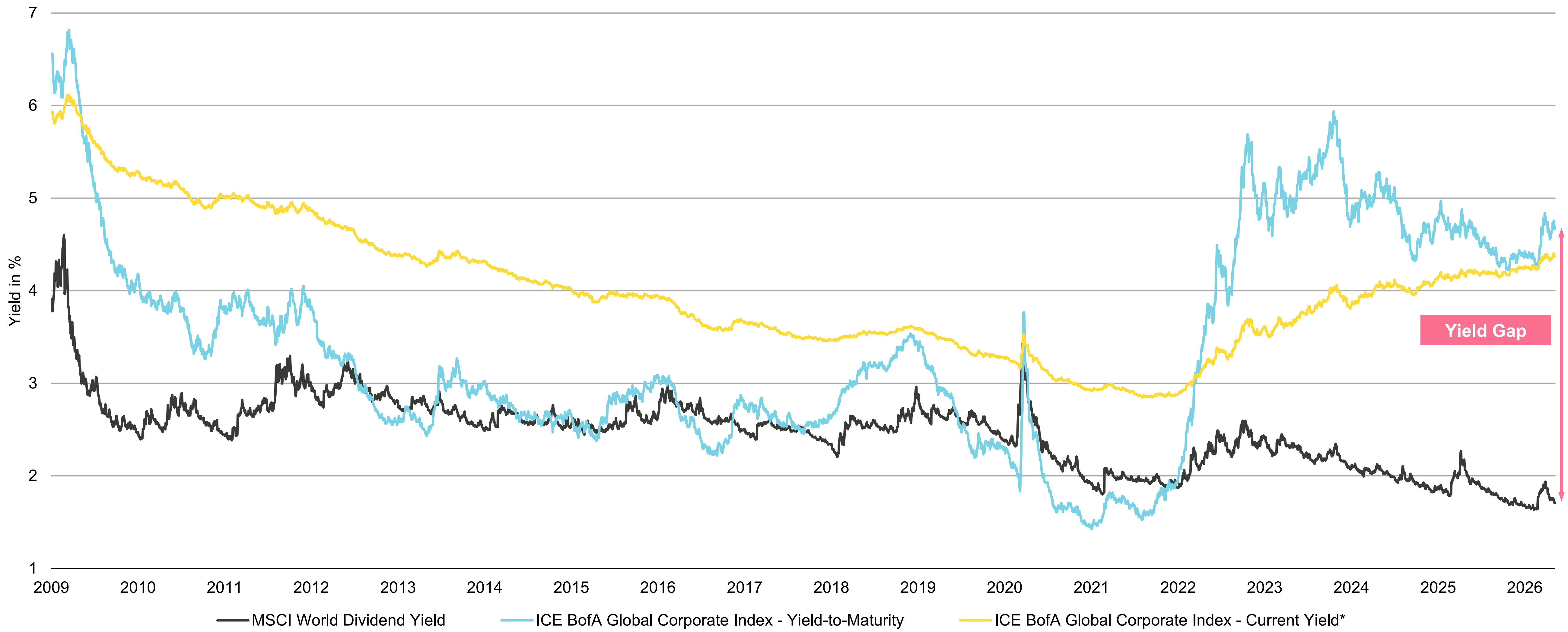
Corporate bond yields also compare favorably versus dividend yields.

Valuation

Global Corporate bond yields/income vs equity income



Past performance is not a reliable indicator of current or future performance.

Source: BofA Indices, Vontobel, 05.2026. *Current Yield = Average Coupon / Average Bond Price of the index

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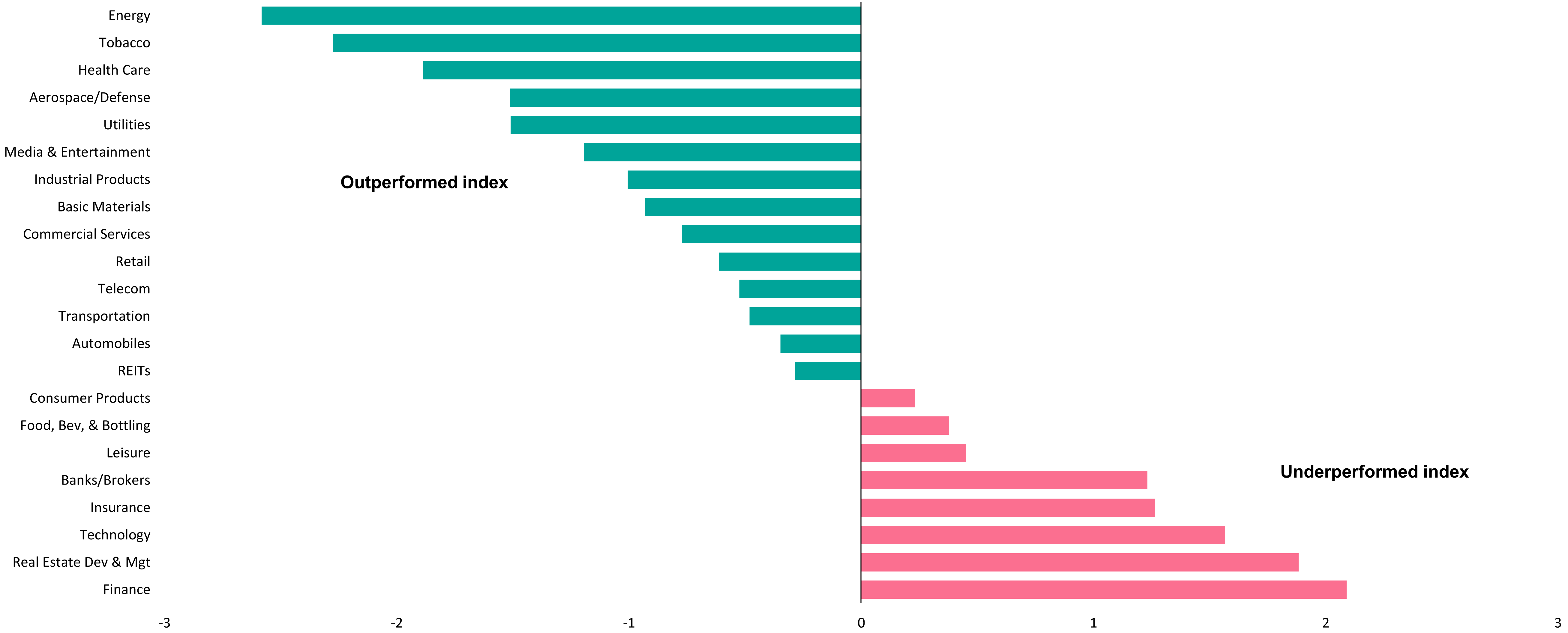
#10. Due to the recent market volatility, dispersion increased across sectors and...

Valuation

Trailing 12mth spread Z-score vs. current sector spread differential to the market (USD)



Past performance is not a reliable indicator of current or future performance.
This data shows trailing 12mo spread Z-score vs. current sector spread differential to the market. Source: BofA Indices, Vontobel, 05.2026.

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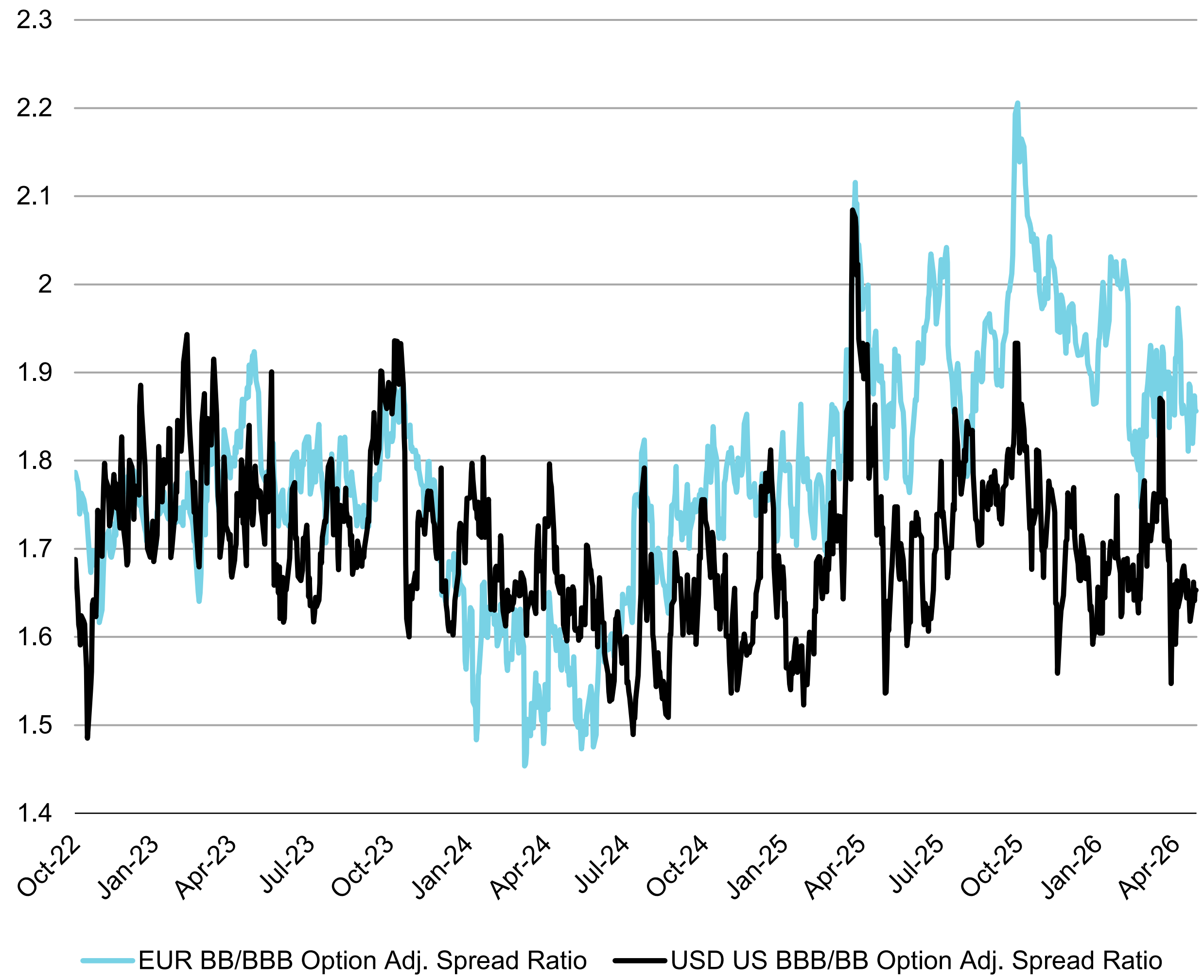
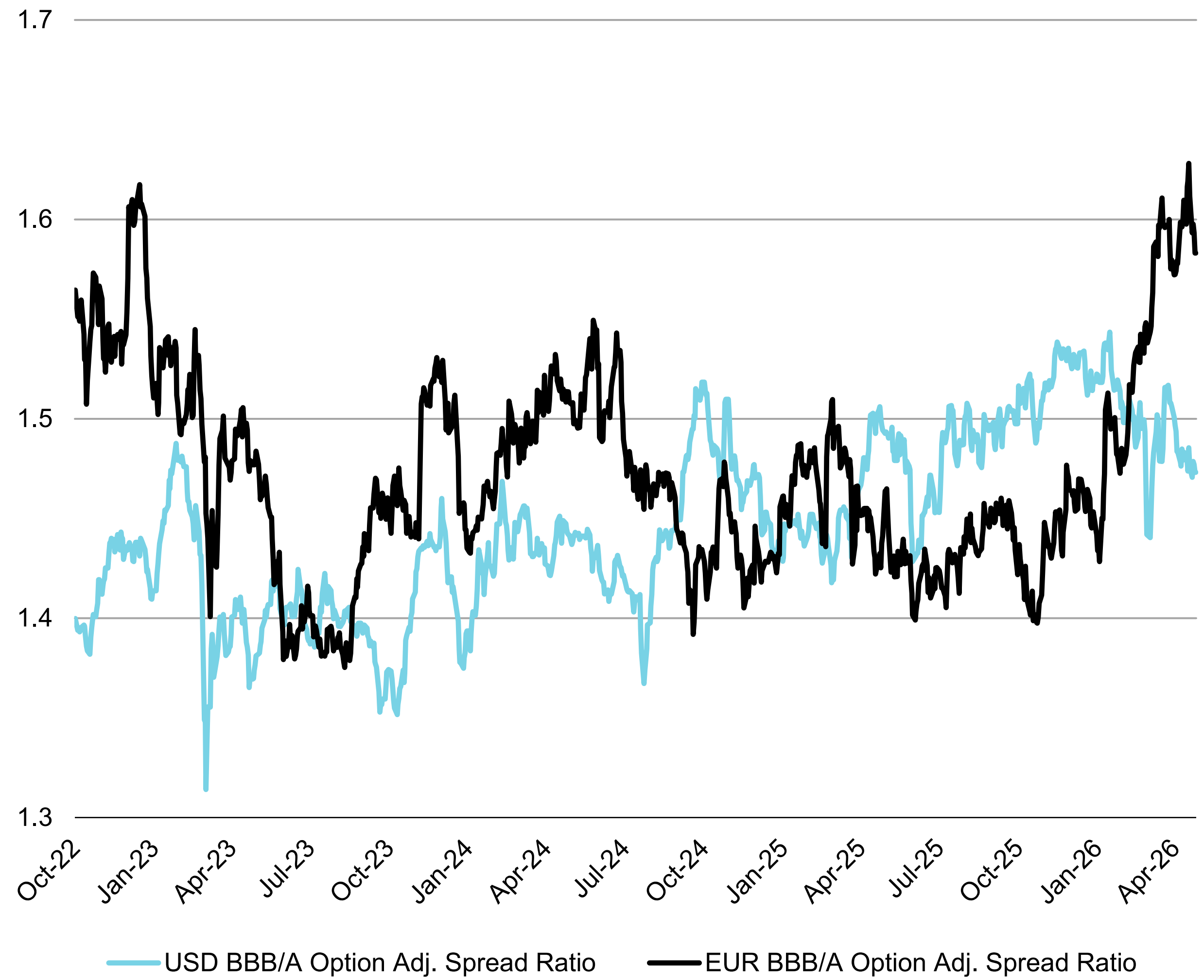
Valuation

…and also when comparing rating segments across currencies.

BB-BBB relative value (EUR and USD)



A-BBB relative value (EUR and USD)



Past performance is not a reliable indicator of current or future performance.

Source: Bloomberg, Bloomberg Barclays Indices, Vontobel, 05.2026.

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Summary: Major global credit topics for the summer.

How does the world look?	**Macroeconomics:** Global growth indicators resilient but inflation pressure building up. Central bank divergence might increase going forward.	**Microeconomics:** Credit metrics remain stable to improving. The rating momentum is getting more balanced. AI will remain a hot topic for 2026.	**Technicals:** Issuance will likely hit a new record in 2026, driven by AI and M&A. Inflows into credit funds remain supportive.	**Valuation:** Yields remain at high levels and dispersion increased among credit categories.
How may investors extract value?	Take an active approach to benefit from a potential economic divergence. Swiftly **switch across regions and sectors**.	Be more selective and identify issuers with a **stable to improving** credit trend. Keep an eye on fallen angels to **avoid spread widening**.	Be selective in the primary market to ensure **attractive premiums** and aim to benefit from periods of **volatility** in the secondary market.	Screen for **relative value** opportunities among sectors and ratings. Take advantage of the **dispersion** in the market.

Please note that the presented views are subject to change and do not constitute investment advice.
Source: Vontobel, as of 05.2026.

This is not the end…

…as there are obviously more interesting topics on our agenda, and we are more than happy to share our thoughts with you.

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Thank you.

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