



Vontobel

Exploring New Territory

Corporate Bond Outlook

Fixed Income Boutique

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September 2026

Public

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Global Credit – our 10 major questions for the remainder of the year



Macroeconomics

1. What to expect from global growth?
2. How quickly can inflation decelerate?
3. What is the likely path for central banks and how to think about the Fed under Warsh?



Microeconomics

4. What is the trend for credit metrics?
5. Has the direction for ratings reversed?
6. What is the impact of hyperscalers?



Technical Factors

7. Why is there so much bond issuance and how is it absorbed?
8. How can investors benefit from the AI related bond activity?

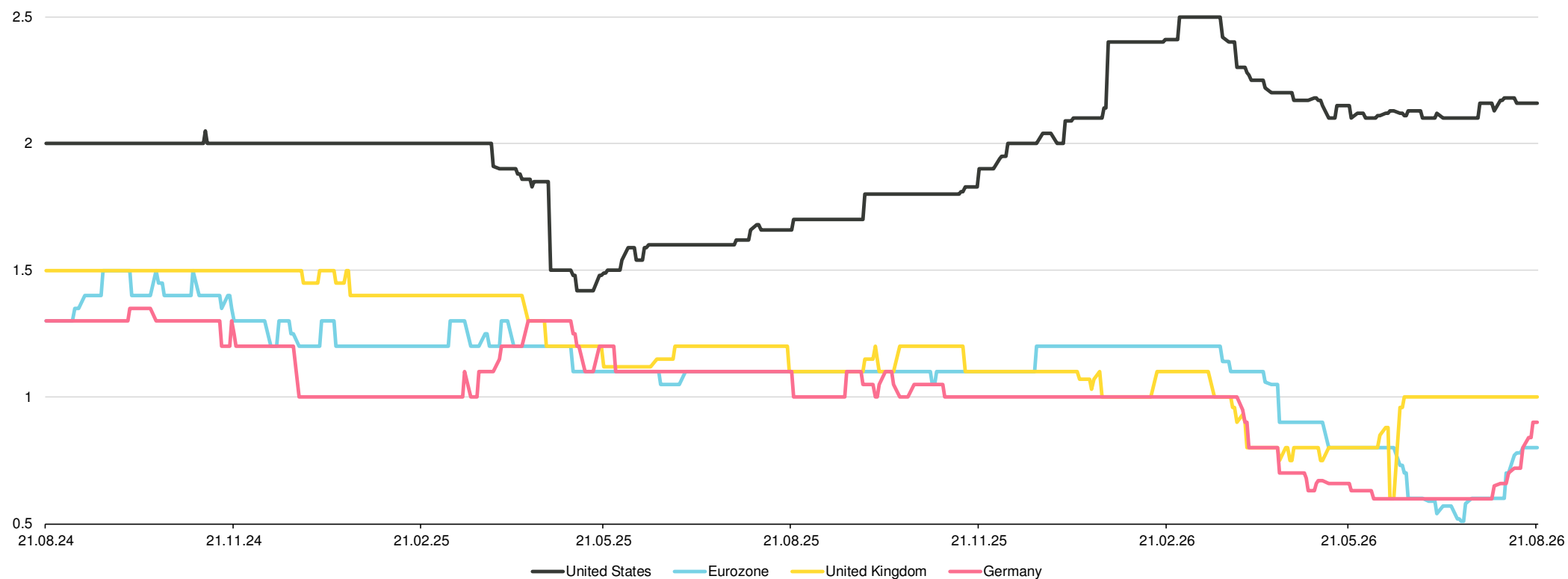


Valuation

9. Why are investors so focused on yields instead of spreads?
10. Is there more dispersion in the market now?

#1. Persistent growth in the US, while Europe is catching up...

Bloomberg Real Growth Consensus for 2026 (%)

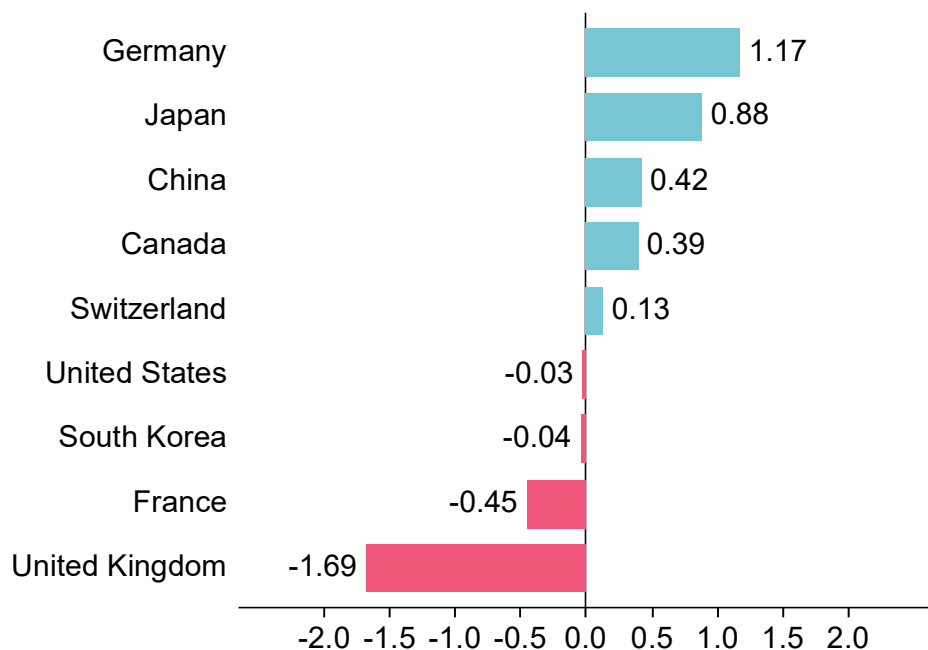


Any projections or forward-looking data herein are based on a variety of estimates and assumptions. Consensus is expressed as the median of all the contributors.. There can be no assurance that those estimates or assumptions will prove accurate, and actual results may differ materially. Source: Bloomberg, Vontobel, as of 08.2026.

... supported by fiscal spending around the globe.

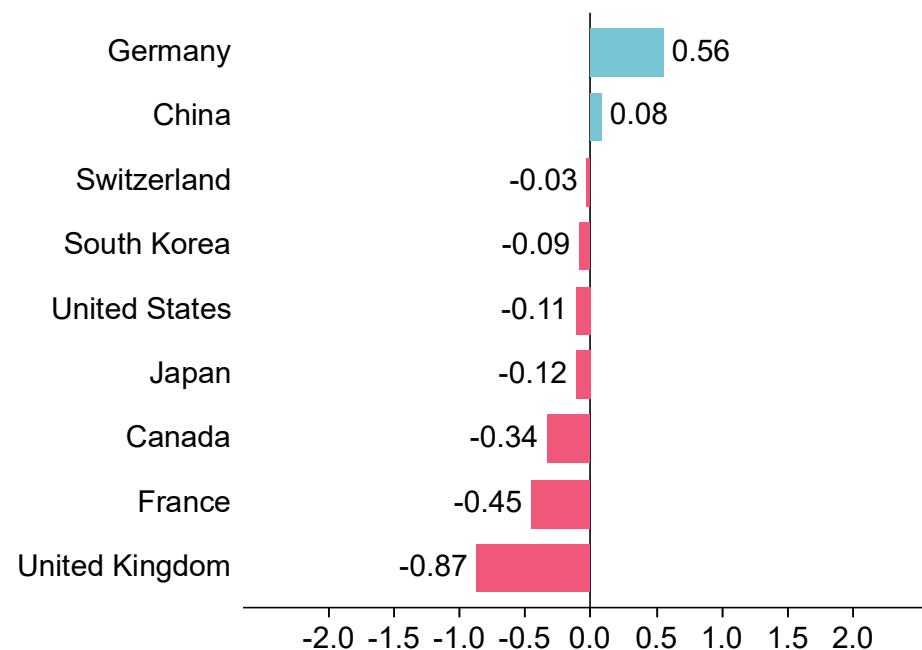
2026: significant fiscal stimulus announced

2026E fiscal impulse (in % of GDP)



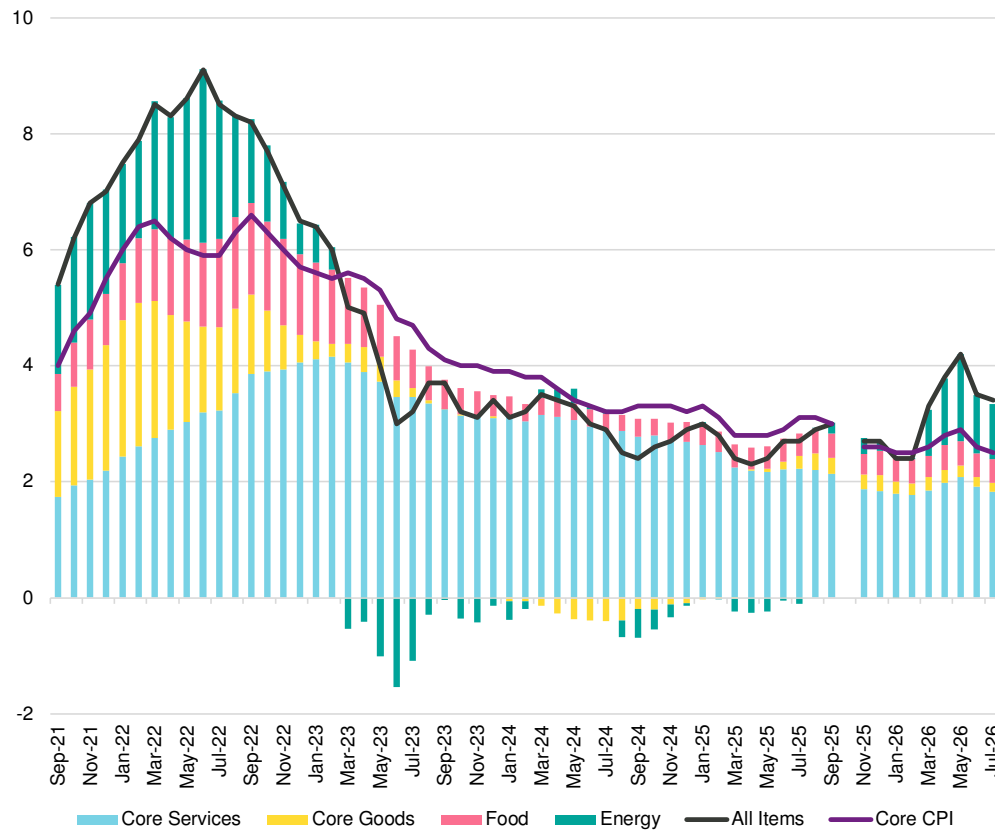
2027: fiscal stimulus likely to cool down

2027E fiscal impulse (in % of GDP)

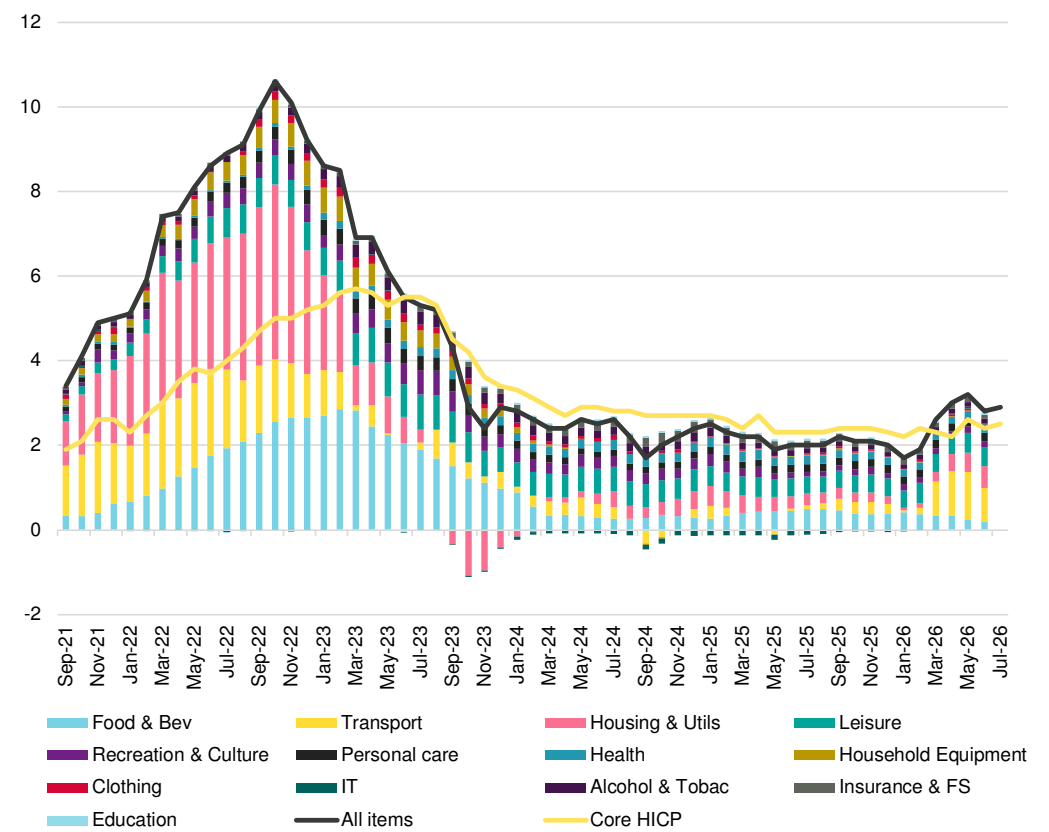


#2. Inflation deceleration depending to a large degree on energy prices.

US CPI YoY (%)



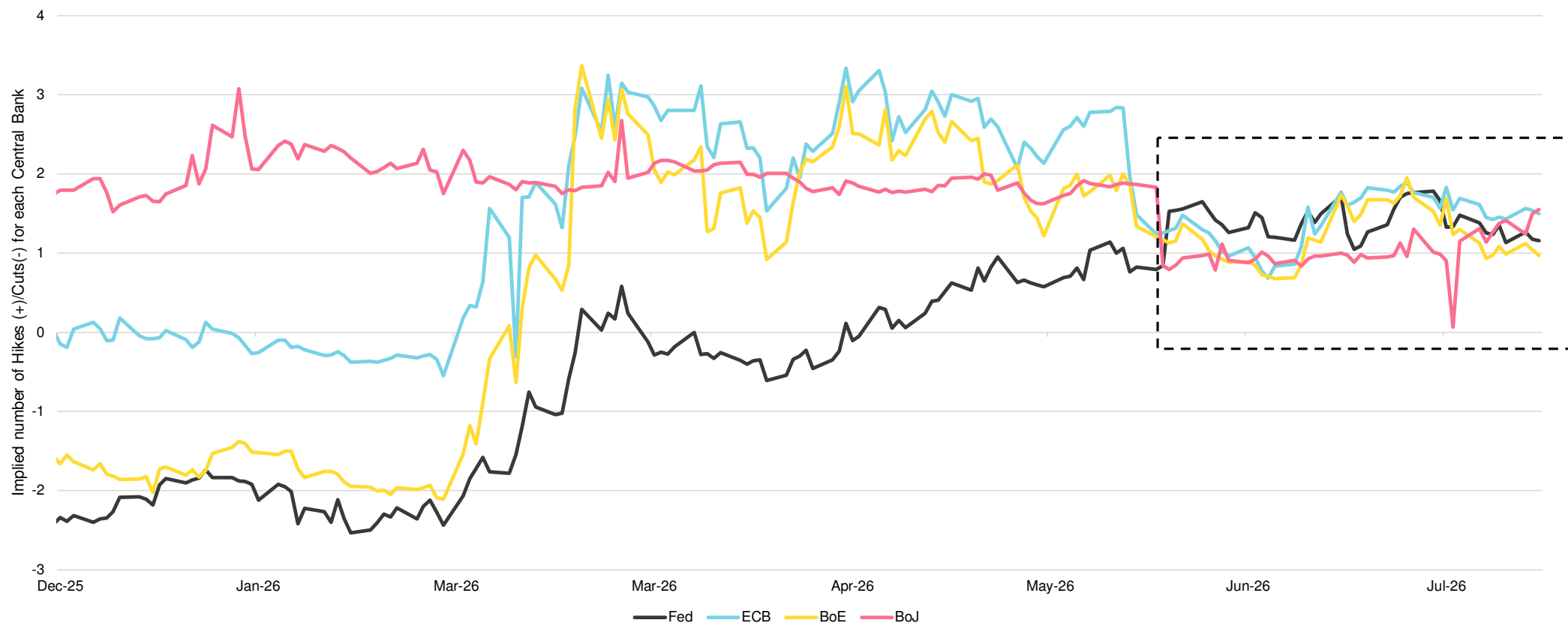
EU CPI YoY (%)



Source: Bloomberg, Bureau of Labor Statistics, Vontobel, as of 08.2026.

#3. Less divergence expected for most central bank policy rates.

On average, one interest rate hike expected for developed market central banks by end 2026



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Source: Implied Central Bank rate according to the US Futures market (Fed) and OIS markets (ECB, BoJ & BoE), Bloomberg, Vontobel, as of 08.2026.

The Fed under Warsh: A potential strategic reset

Five task forces on:

- 1 Communications
- 2 Balance sheet policy
- 3 Data
- 4 Productivity & jobs
- 5 Inflation frameworks



Potential implications for investors:

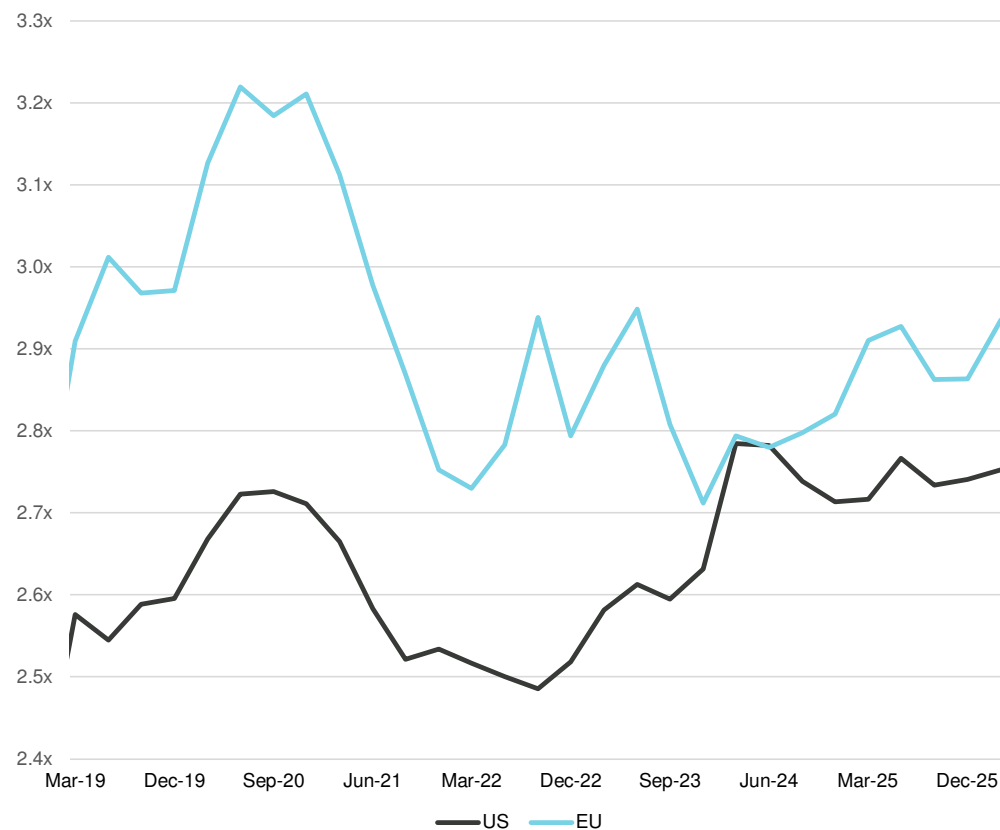
- Fed might be less acting less as a backstop
- Government bond volatility going up
- The term premium might increase further
- The US-Dollar could benefit

Warsh's criticism of the Fed:

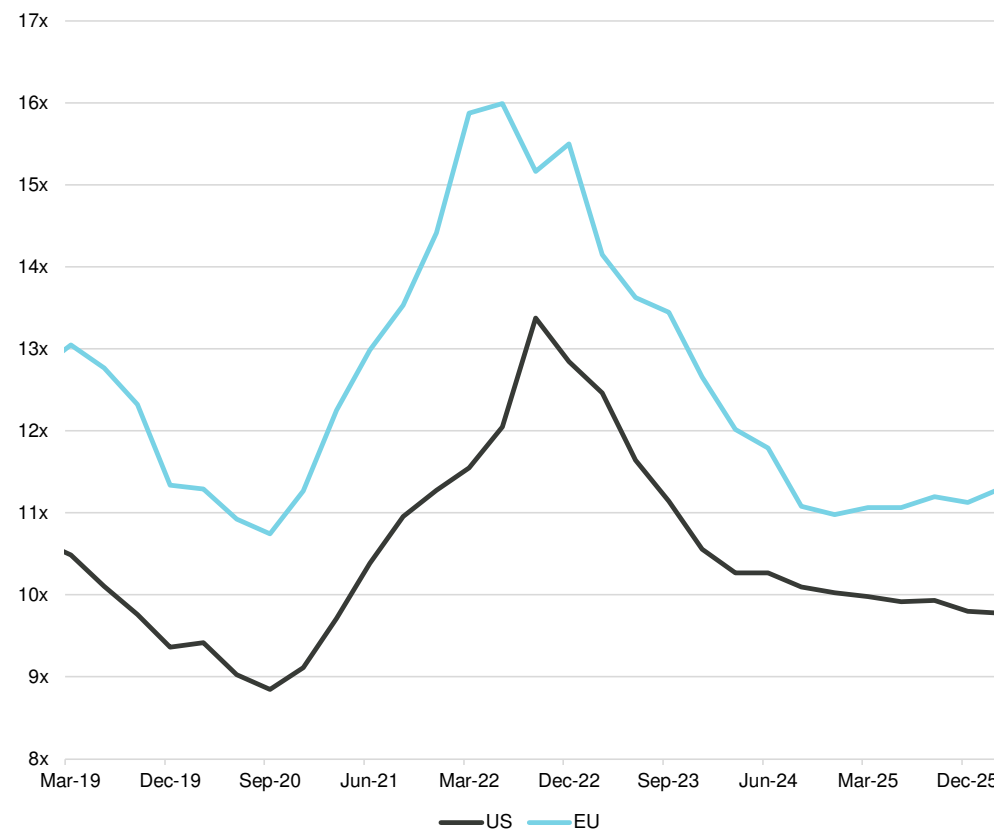
Fed talks too much, has become too influential, relies on the wrong data, is wedded to the wrong inflation framework, and is prone to mission creep.

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

Net leverage



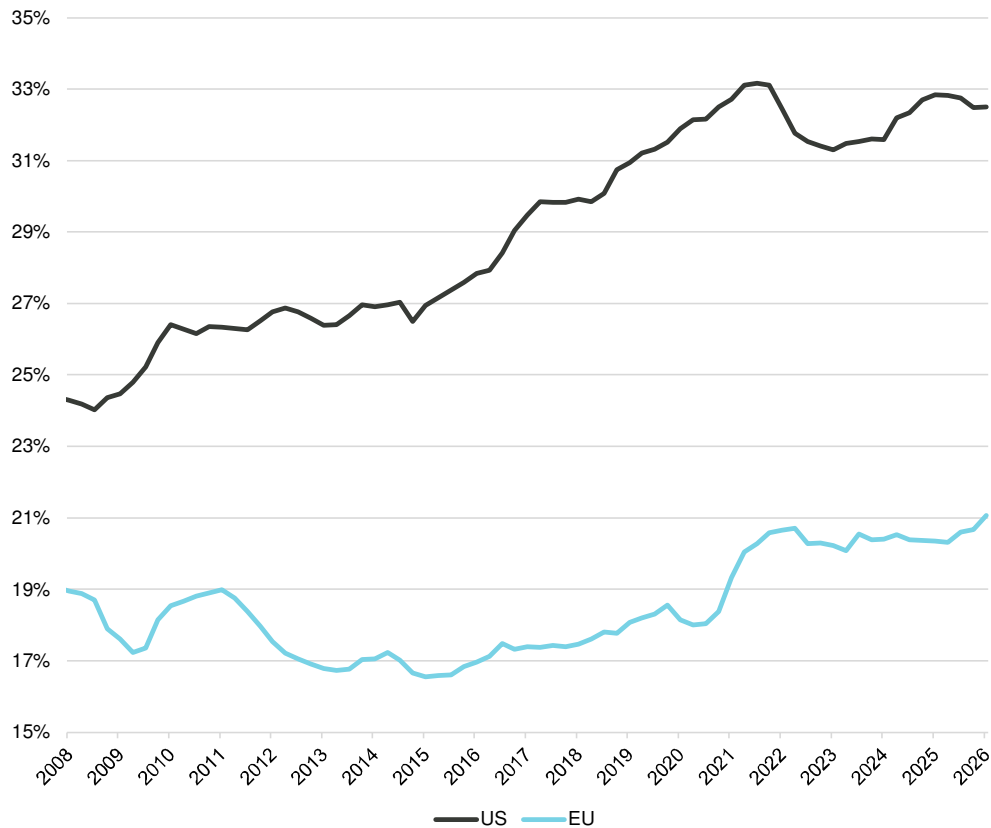
Interest coverage



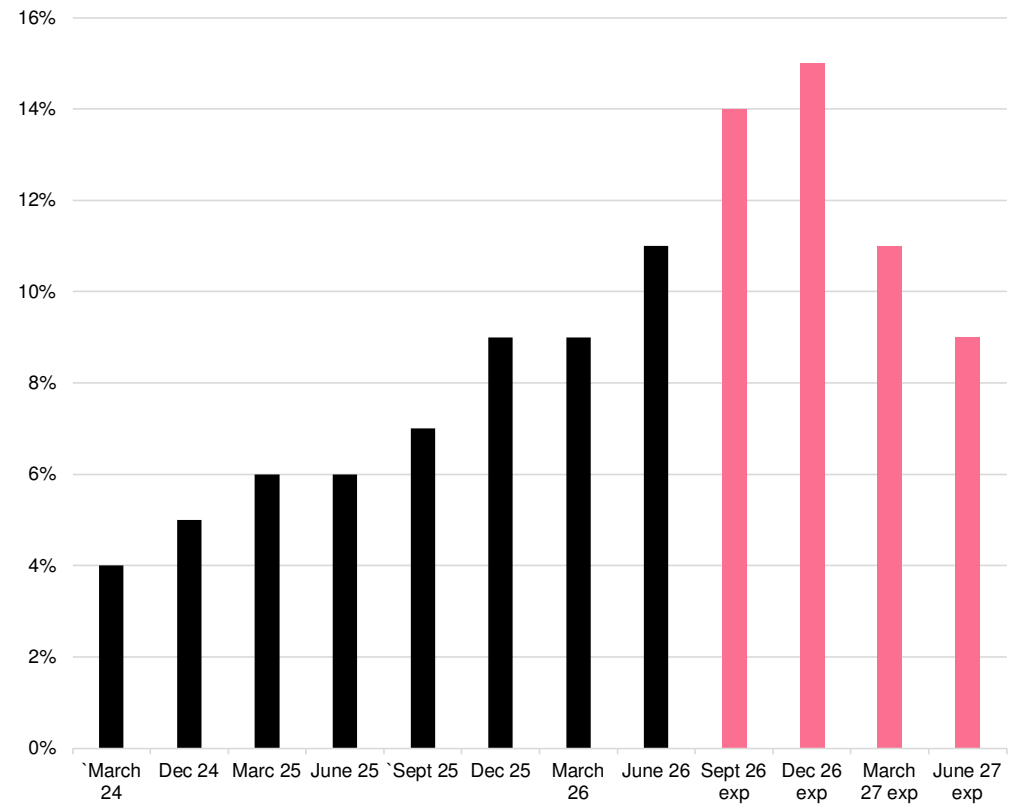
Note: Data includes Q1 2026 results of US Investment Grade Non-Financial issuers. Source: JP Morgan, Vontobel, as of 08.2026.

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

EBITDA margins



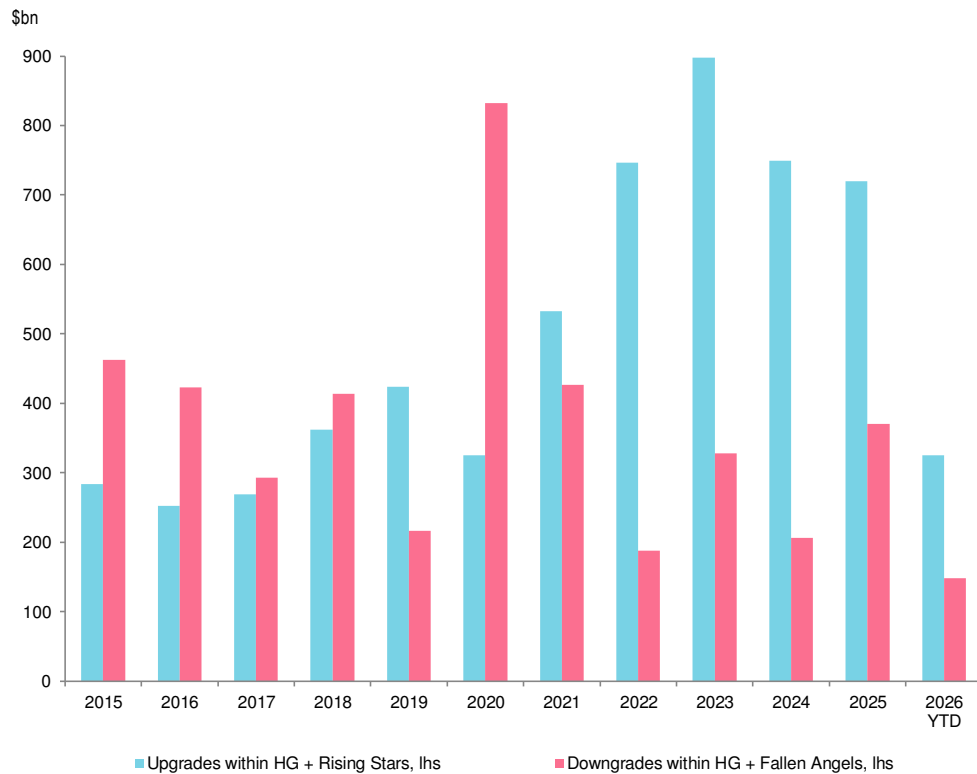
EBITDA growth expectations (US)



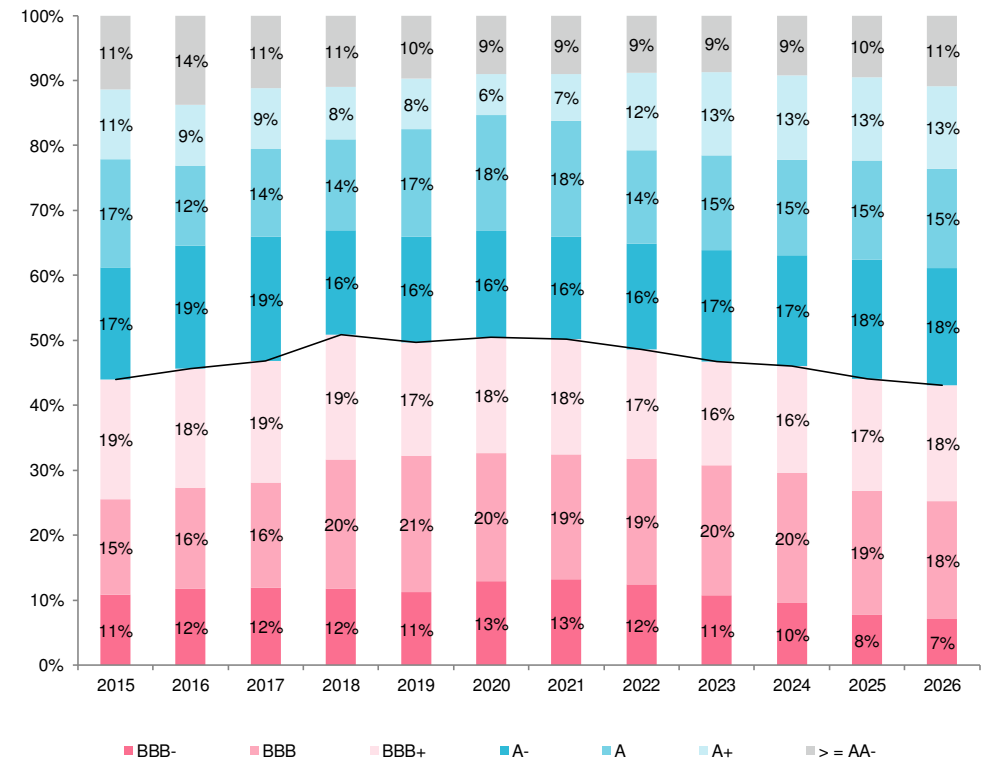
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#5. Positive rating trend translating into a higher quality investment universe.

Rating trend remains positive



Quality improving for main indices



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Source: JP Morgan, Vontobel, as of 08.2026. Note: Data shown for the US IG market

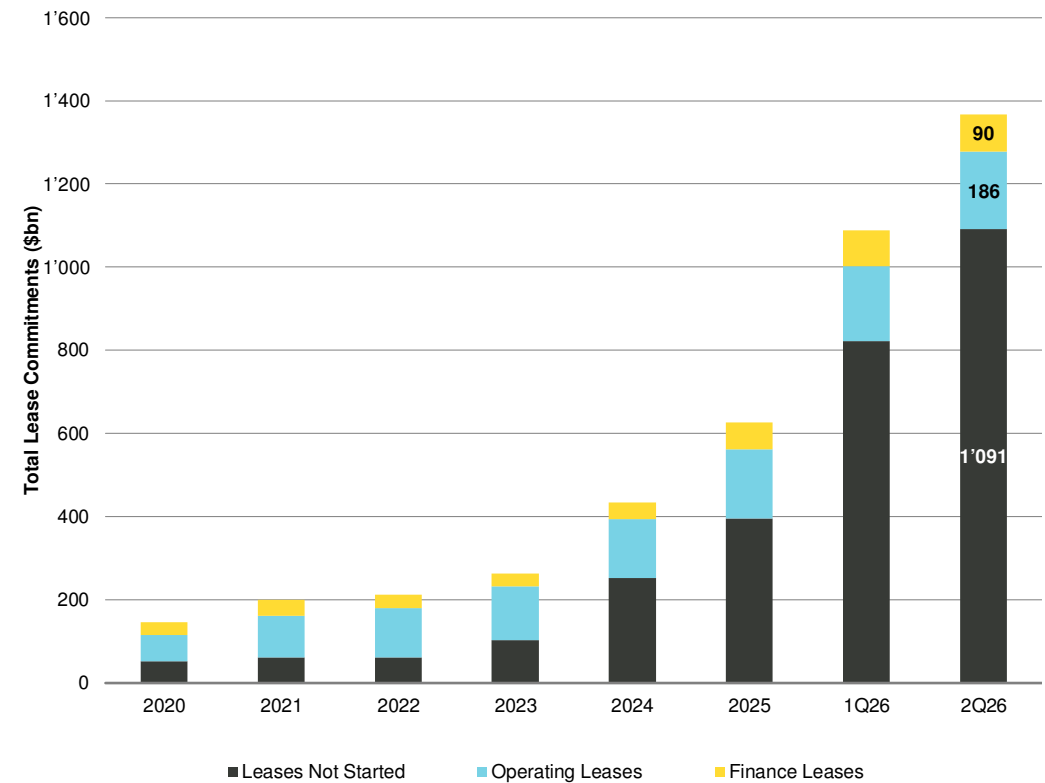
#6. Hyperscalers: strong credit fundamentals but keep an eye on off-balance sheet debt.

Micro

Hyperscaler credit fundamentals look strong

Selected Credit Metrics				
Sector	Gross Leverage	Net Leverage	Cash/Debt	Median Rating
Utilities	5.7x	5.6x	1%	BBB
Health Care	2.4x	1.8x	21%	BBB+
Consumer	2.4x	1.8x	23%	BBB
Materials	2.1x	2.1x	15%	BBB
Communication	2.1x	0.8x	55%	BBB+
Inf. Technology	1.6x	0.8x	55%	BBB
Hyperscalers	1.3x	0.5x	128%	AA-
Non-Financials IG	2.4x	1.8x	18%	BBB

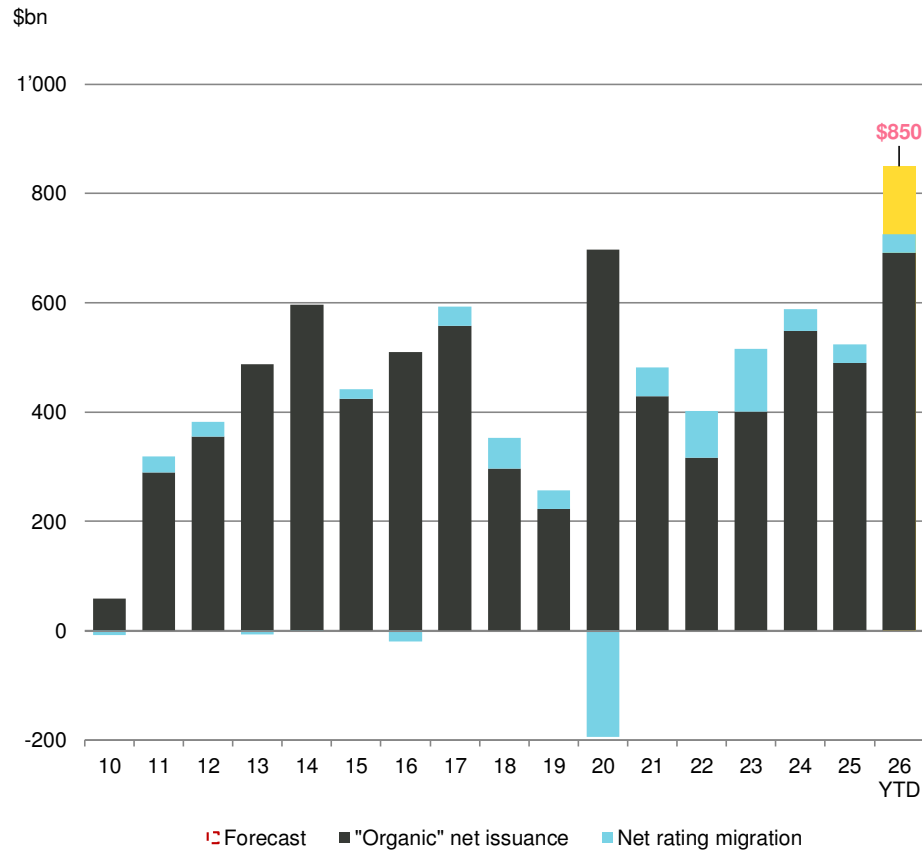
Off-balance sheet lease commitments rising



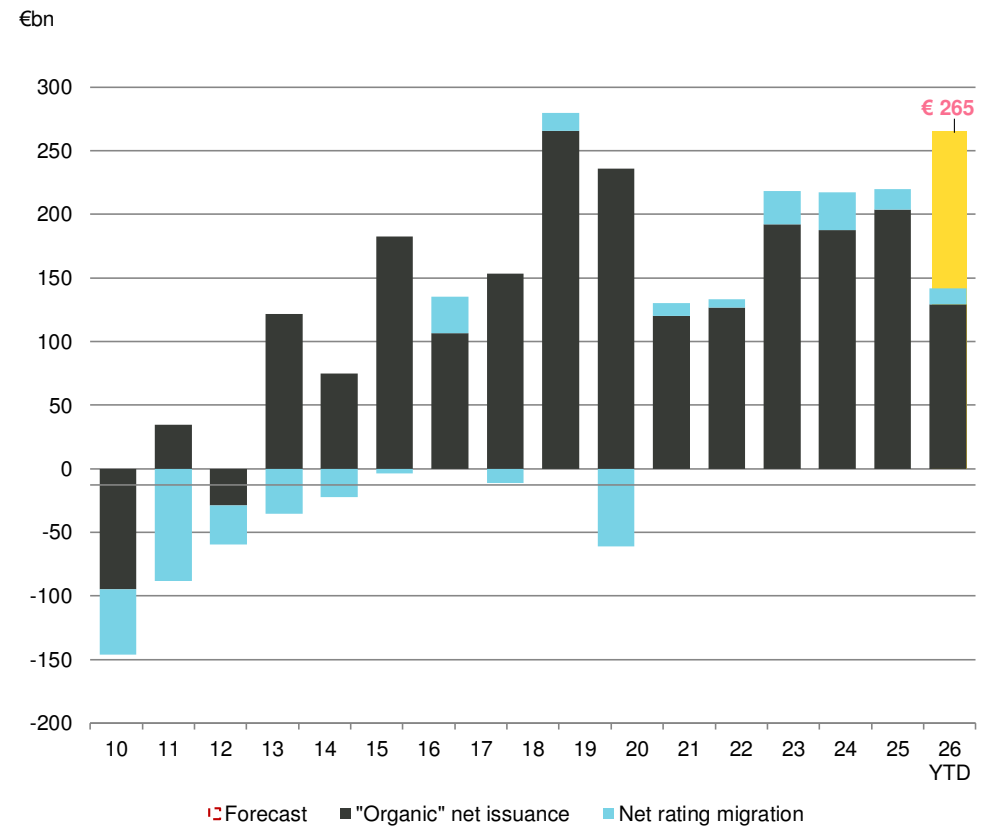
Source: Morgan Stanley, Vontobel, 08.2026. Note: Table includes data for Q1 2026.

#7. Global corporate bond issuance heading towards new records, ...

USD IG net bond supply and rating migration



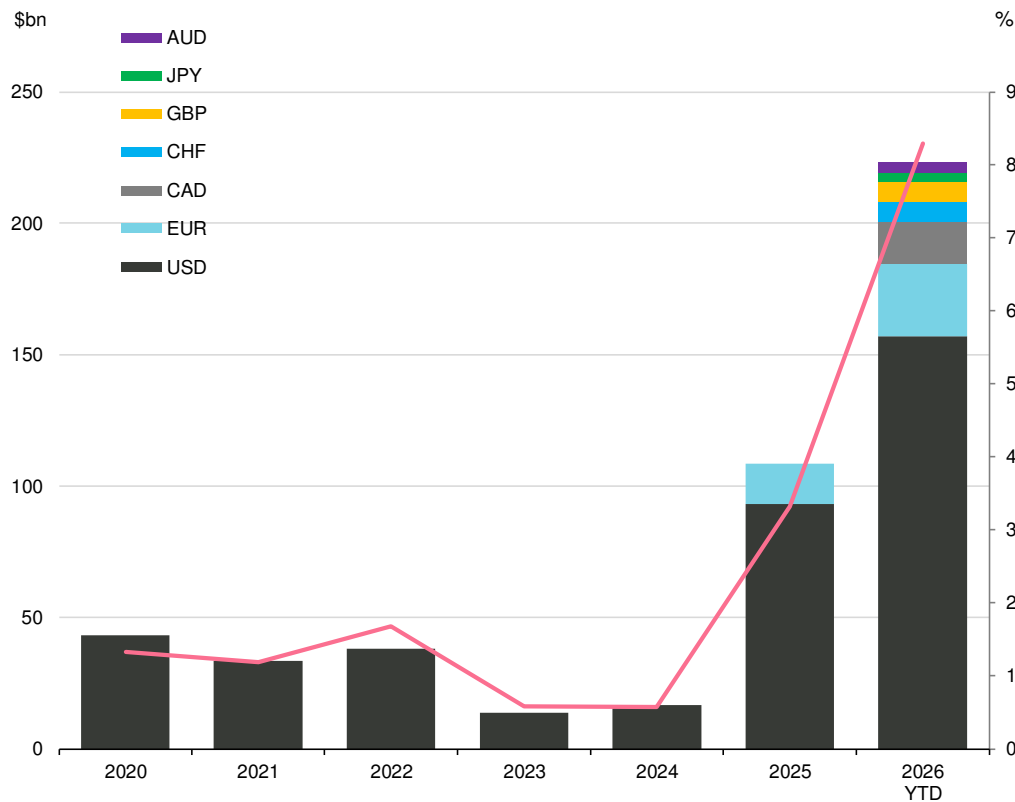
EUR IG net bond supply and rating migration



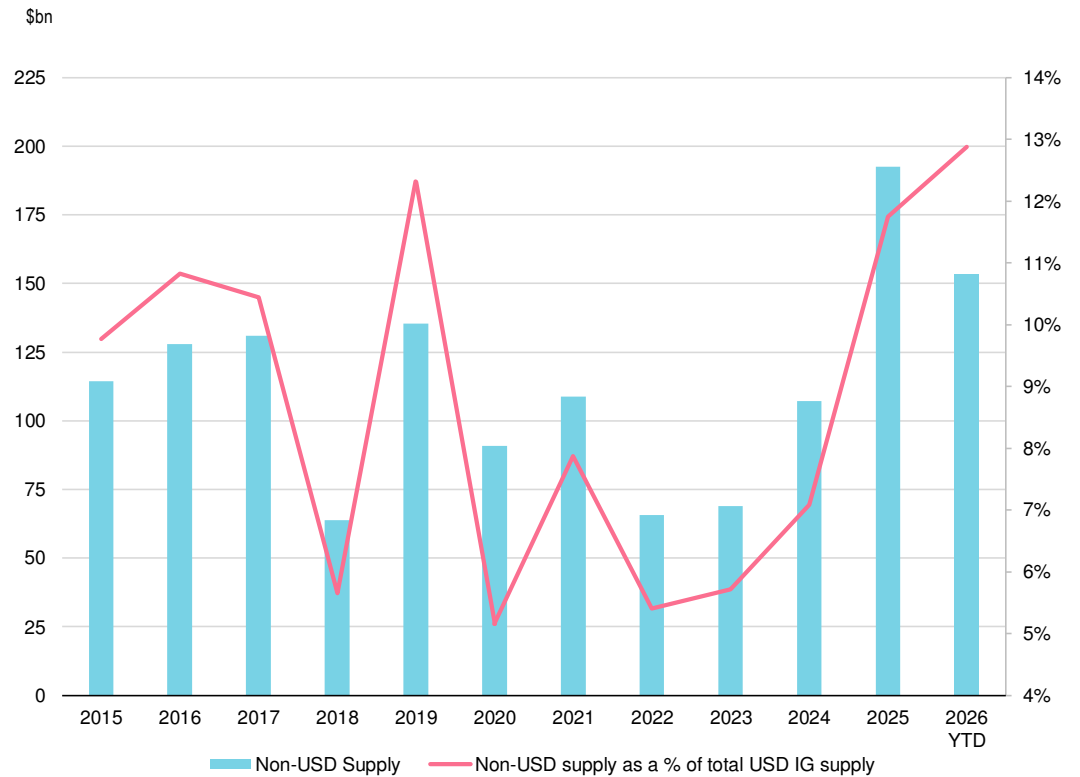
Any projections or forward-looking data herein are based on a variety of estimates and assumptions. There can be no assurance that those estimates or assumptions will prove accurate, and actual results may differ materially.
 Net issuance = Gross issuance minus redemptions. Source: Goldman Sachs, Vontobel, as of 08.2026.

... driven by AI-related bond issuance going global ...

AI-related bond issuance going global

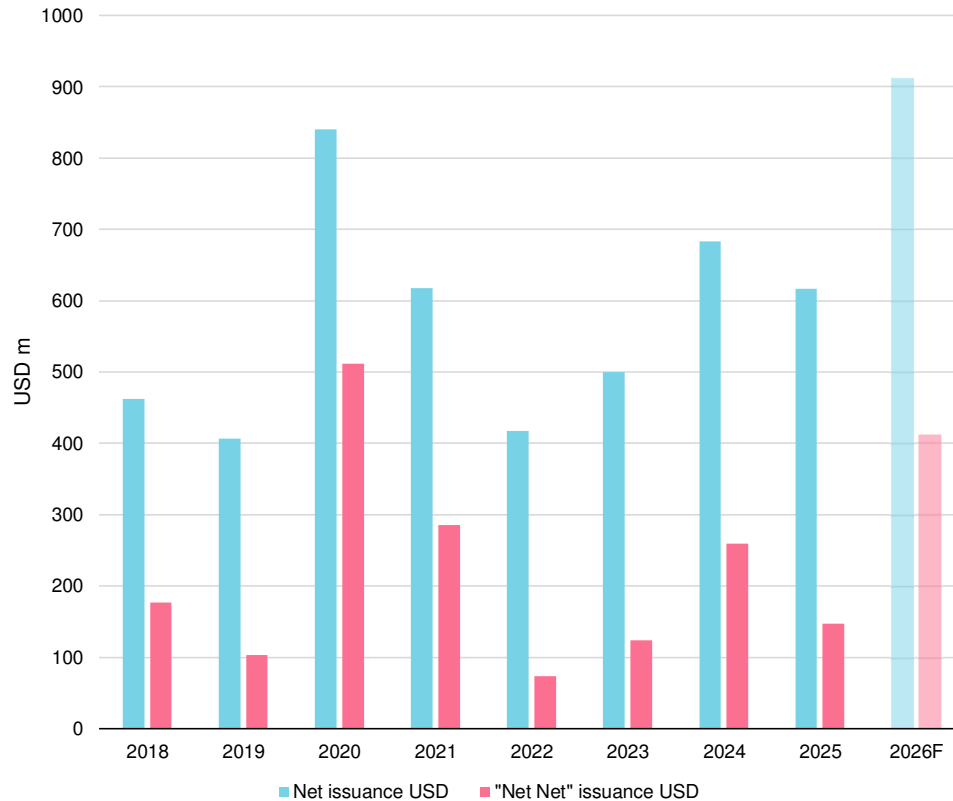


Reverse Yankee issuance running towards a new record

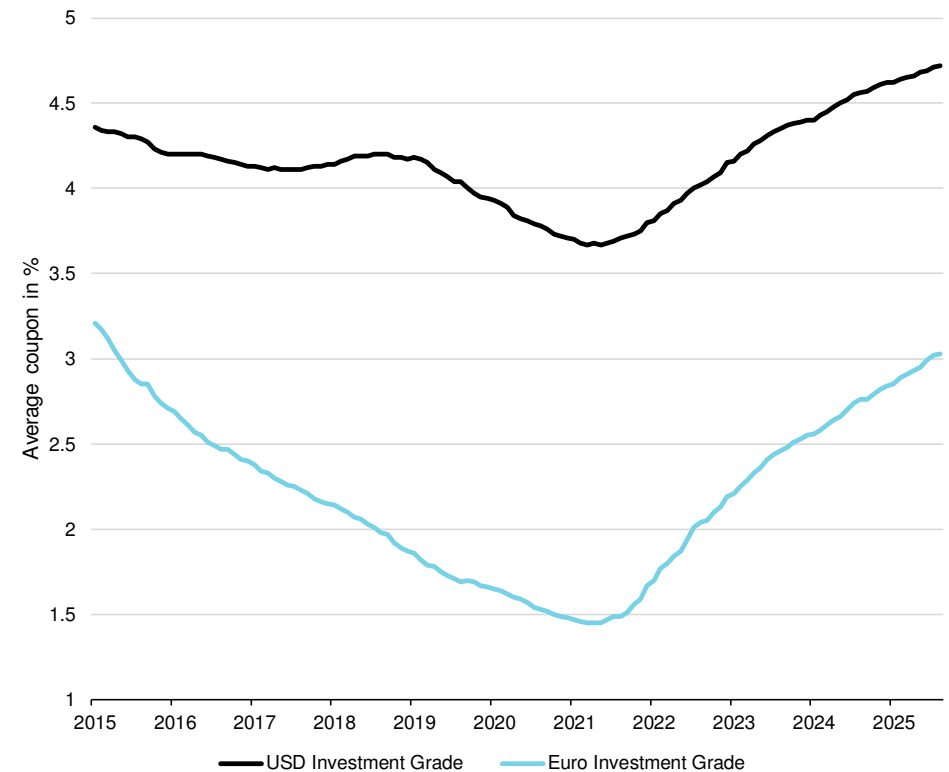


... which is well absorbed by inflows but also coupon payments.

Coupon income helping to absorb issuance



High average coupons drive up «income» for investors



Past performance is not a reliable indicator of current or future performance. Source: JPM, ICE data for USD and EUR Corporate Bond Indices (weighted average coupon), Vontobel, 08.2026. Note: Net issuance = gross issuance minus redemptions. Note: "Net Net" issuance = Net issuance minus bond coupon payments, assuming coupon payments will be reinvested in the corporate bonds market.

#8. AI/Hyperscalers are changing the structure of the corporate bond market.

Technicals

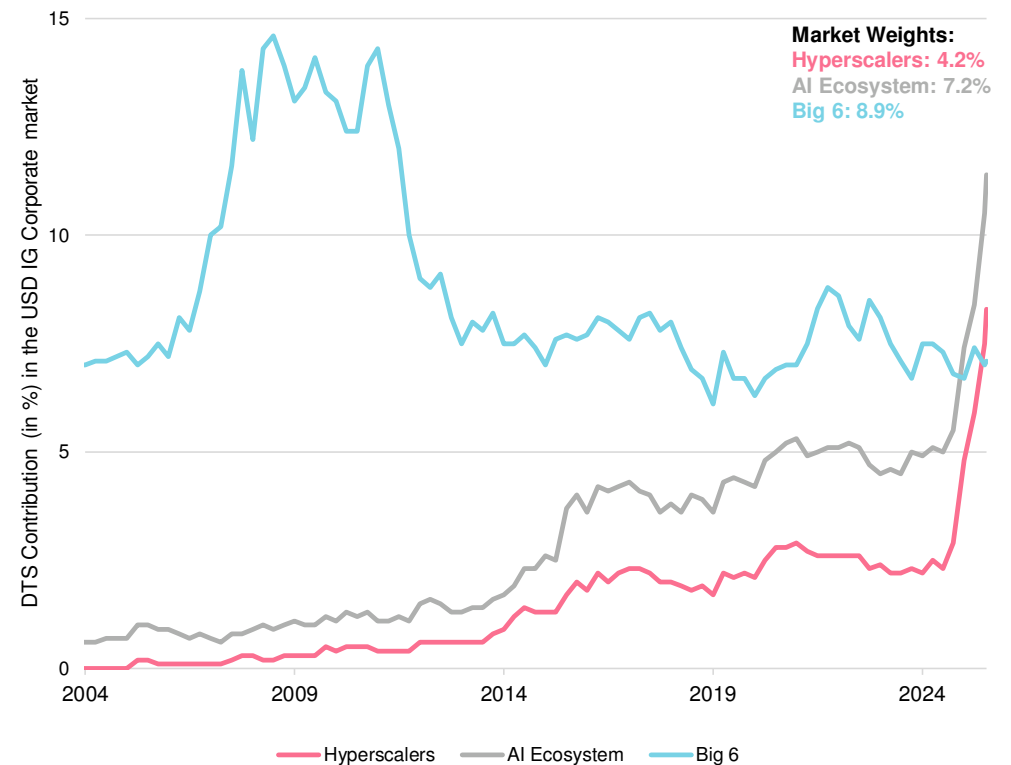
AI bond issuance to reshape bond indices

Current Largest Issuers		
Rank	Company	Weight
1	JP Morgan	2.3%
2	Morgan Stanley	2.2%
3	Bank of America	2.2%
4	Goldman Sachs	1.7%
5	Wells Fargo	1.4%
6	Citi	1.4%
7	Oracle	1.3%
8	HSBC	1.2%
9	Amazon	1.2%
10	AT&T	1.1%
11	Meta	1.0%
26	Google	0.6%
82	SpaceX	0.3%
85	Microsoft	0.3%



2030 Estimate		
Rank	Company	Weight
1	JP Morgan	2.1%
2	Morgan Stanley	2.1%
3	Bank of America	2.0%
4	Meta	1.8%
5	Microsoft	1.6%
6	SpaceX	1.6%
7	Goldman Sachs	1.6%
8	Oracle	1.4%
9	Wells Fargo	1.4%
10	Amazon	1.4%
15	Google	1.0%

DTS contribution of hyperscalers accelerating

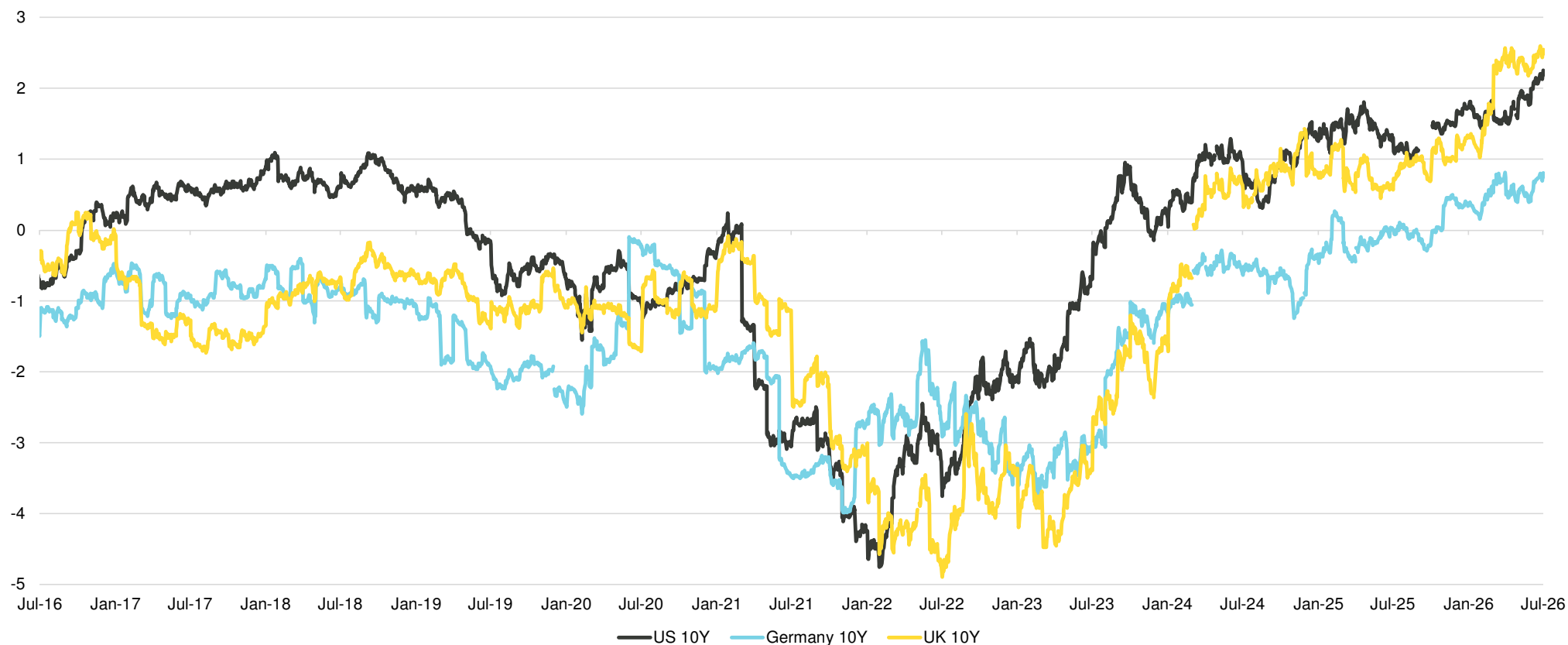


Note: Market weights in the ICE BofA US credit index as of July 2026. Right chart: DTS Contribution within the USD IG Corporate market (IG index + 144As) from each of the subgroups. Hyperscalers: AMZN, GOOGL, META, MSFT, ORCL, SPCX. Big 6 Banks: JP Morgan, Citi, Bank of America, Wells Fargo, Morgan Stanley, Goldman Sachs. AI Ecosystem: NVDA, AMD, ARM, QCOM, AVGO, MRVL, MU, HYULE, HPE, CSCO, DELL, IBM, SMC, AMZN, GOOGL, META, MSFT, SPCX, ORCL, HUTBPA, QTSQST, HUTBPA, TAISEM, INTC, CDNS, SNPS. Source: Apollo, Barclays, Bloomberg, Vontobel, as of 08.2026.

#9. Real Yields at multi-year highs, attracting investors into fixed income...

Valuation

Government bond yields in various currencies (vs Core Inflation)

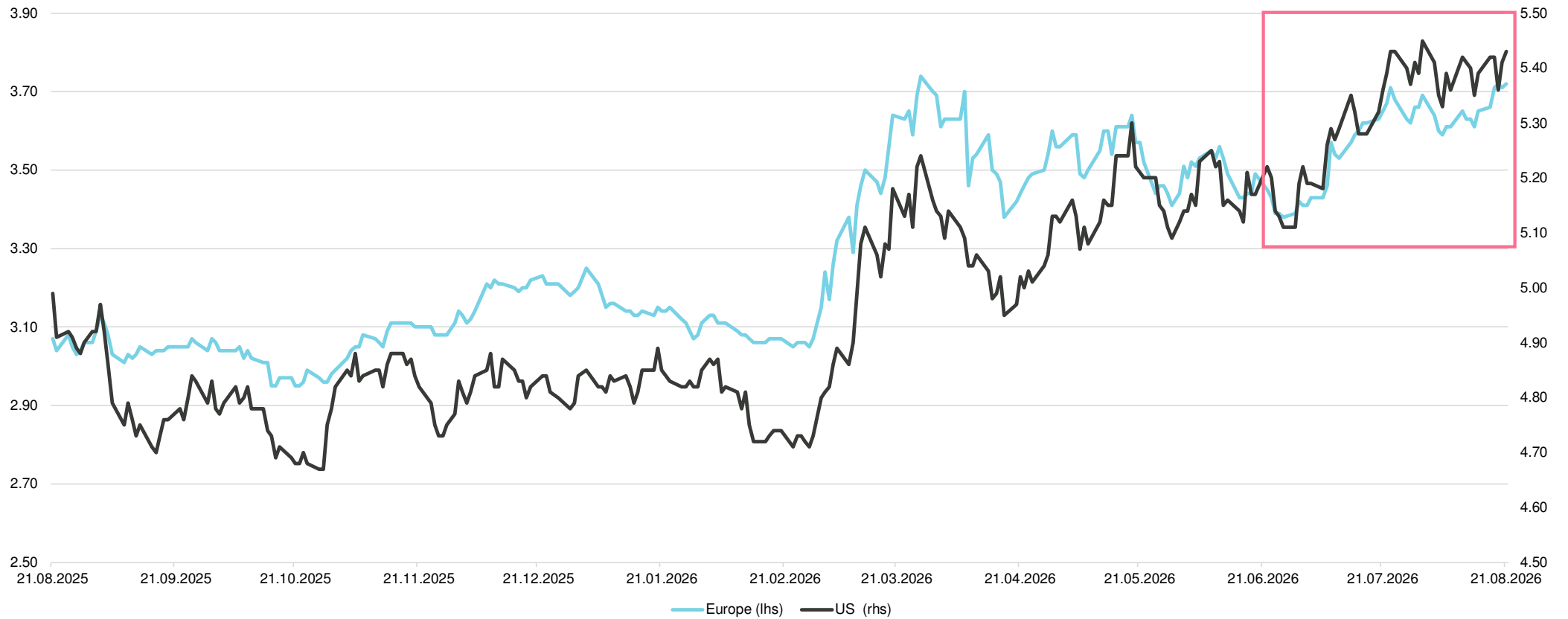


Past performance is not a reliable indicator of current or future performance.

Real Yield = difference between the generic 10Y yield and core or headline CPI. Source: Bloomberg, Vontobel, as of 08.2026.

...while corporate bond yields continue to move higher.

US and European corporate bond yields (%)



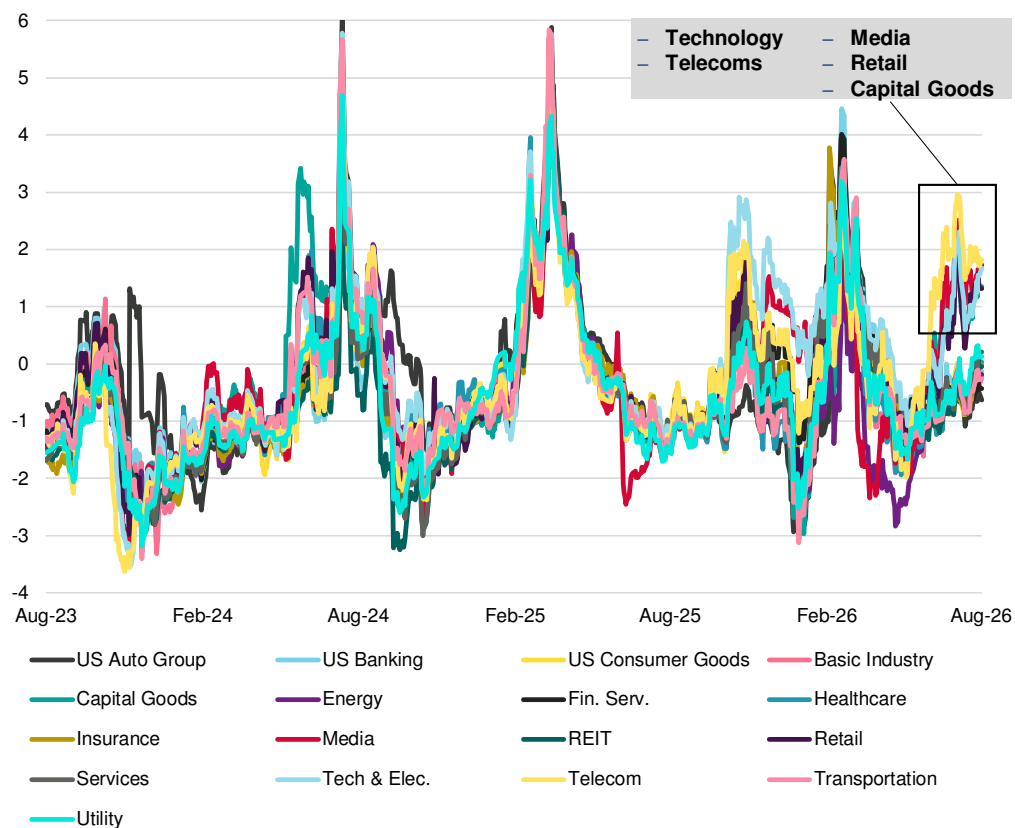
Past performance is not a reliable indicator of current or future performance.

Source: BofA Indices, Vontobel, as of 08.2026.

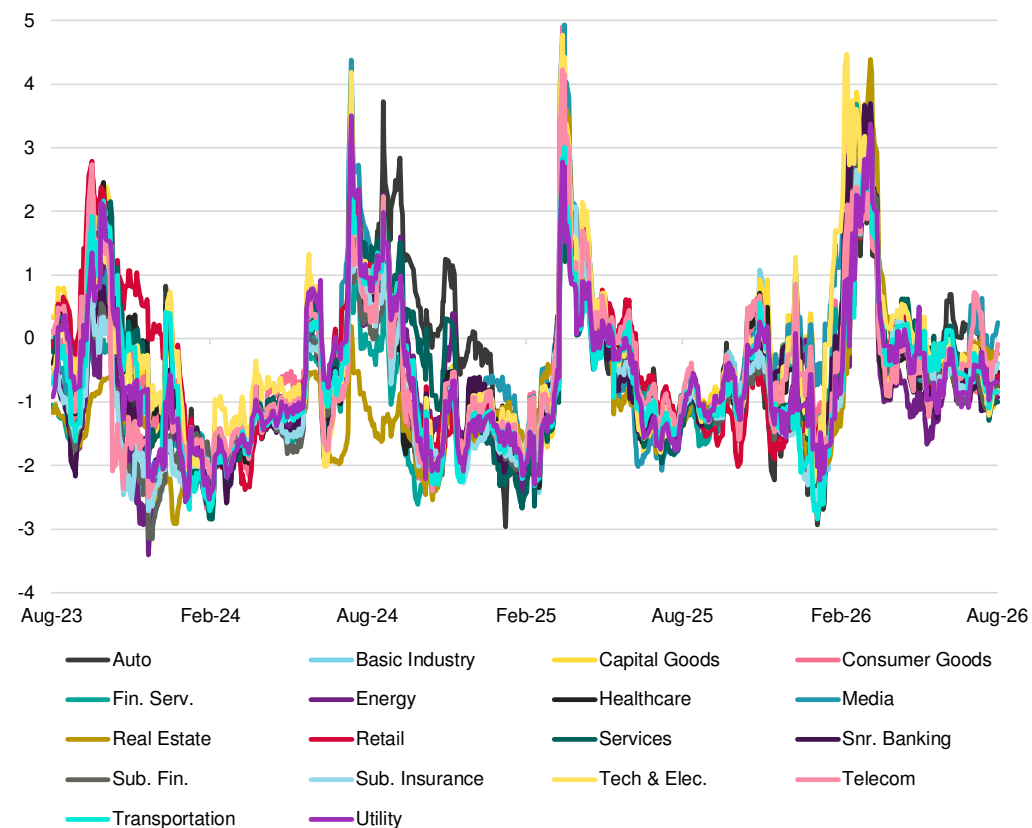
#10. Dispersion increased across sectors, in particular in the US ...

Valuation

US IG - Z-Scores by sector (rolling period: 6M)



EU IG - Z-Scores by sector (rolling period: 6M)



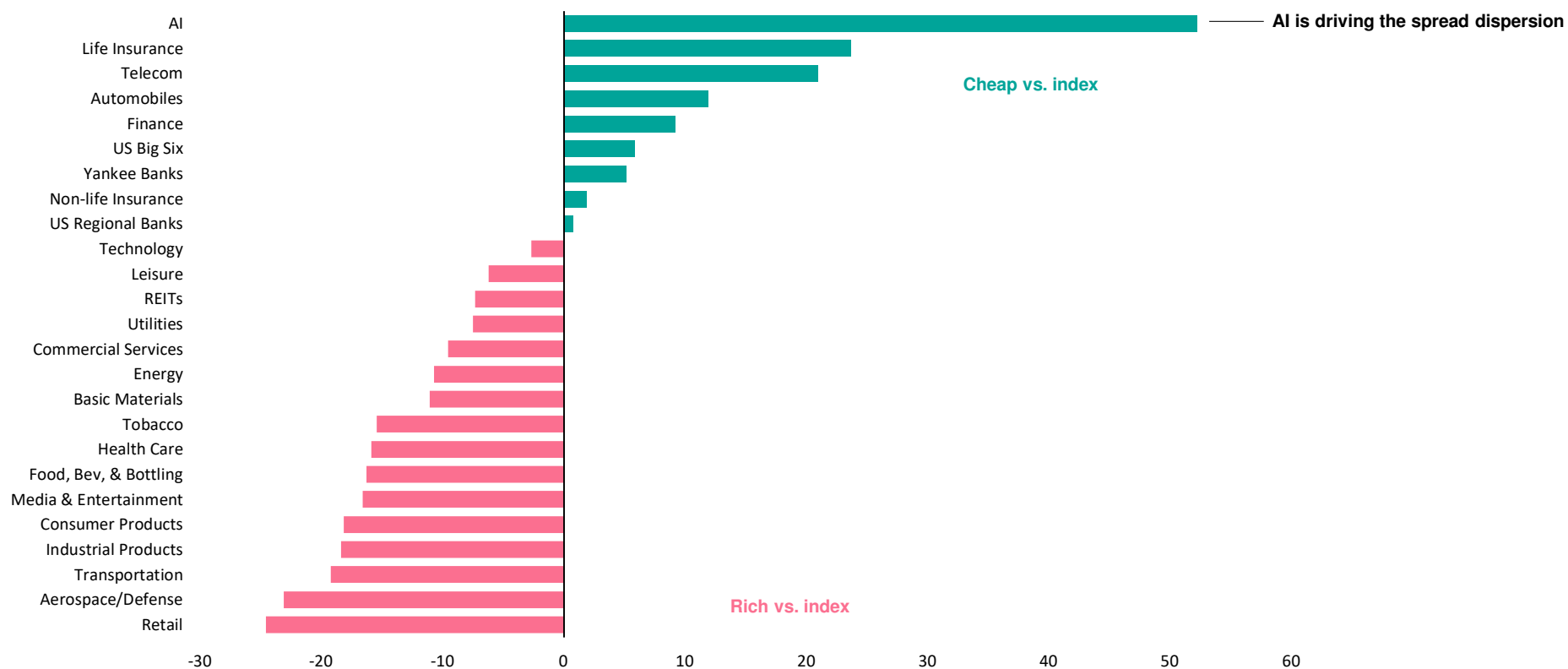
Past performance is not a reliable indicator of current or future performance.

Source: BAML, ICE BofA Indices, Vontobel, 08.2026.

... essentially driven by AI related debt issuance.

Valuation

Sector spread relative to the index

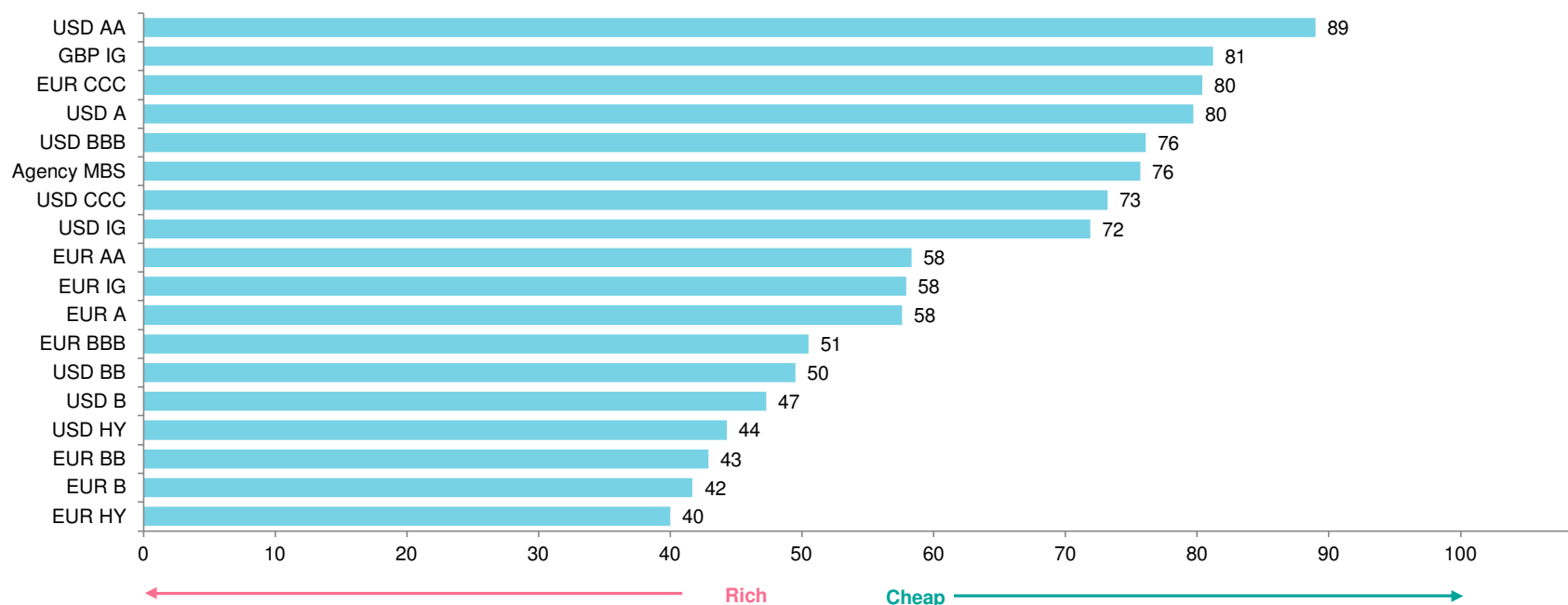


Past performance is not a reliable indicator of current or future performance.

Source: BofA Indices, Vontobel, as of 08.2026. Note: Sub-sectors such as "AI" are based on BAML baskets.

The yield ranking currently favors higher rated Corporates.

Yield ranking in percentile (from 2000 - Present)



→ The yield of USD-denominated AA-rated bonds ranks close to the 90th percentile when comparing the yields over the last 20 years. In other words, the segment currently screens attractive (compared to its historical valuations).

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

The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. Source: Goldman Sachs, Vontobel, 08.2026.

Summary: Major global credit topics for the remainder of the year.



How does the world look?

Macroeconomics:

Global growth indicators remain resilient, but inflation goal not reached yet. Less central bank divergence to be expected, while the focus remains on the “new” Fed.

Microeconomics:

Credit metrics remain stable to improving. The rating momentum is holding up well. More focus on AI bond implications.

Technicals:

Issuance will likely hit a new record in 2026, driven by AI capex.

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. Be aware of off-balance sheet debt.

Keep an eye on **new issue pricing** to benefit from dislocations. High coupon bonds will help to generate “income”.

Screen for **relative value** opportunities among sectors and ratings. Take advantage of the **dispersion** in the market.

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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Vontobel

Thank you.

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