CREDIT MARKET BRIEFING

Monday, September 14, 2026 | Harald Eriksson, Senior Credit Analyst

EXECUTIVE SUMMARY

Key Credit Market Developments

Market Signal	Implication	Action
Credit ETFs flat to slightly lower amid Treasury selloff	Credit resilience despite rate backup suggests solid fundamentals	Maintain overweight credit vs. duration
10Y Treasury up **+31bp** to 4.975%, curve steepening	Fed pivot expectations diminishing, higher terminal rate pricing	Focus on floating rate and shorter duration credit
Equity markets rallying (+0.85% SPY) with credit stability	Risk-on sentiment supporting credit technicals	Selective HY exposure in quality names
Oil weakness (-2.2% USO) pressuring energy credit spreads	Sector rotation opportunity emerging in energy HY	Avoid energy, favor defensive sectors

CREDIT SPREAD OVERVIEW

Investment Grade & High Yield Performance

Credit Segment	Current Level	Daily Change	Trend Assessment
LQD (IG ETF)	**104.32**	-0.04 (-0.04%)	Stable, outperforming duration
HYG (HY ETF)	**78.60**	-0.02 (-0.03%)	Resilient amid rate volatility
JNK (HY ETF)	**94.61**	-0.02 (-0.02%)	Tight correlation with HYG

CDX IG (Est.)	75-80bp	+2-3bp	Modest widening on rate backup
CDX HY (Est.)	350-375bp	+5-8bp	Sector-driven dispersion increasing

TREASURY MARKET CONTEXT

Yield Curve Dynamics & Rate Drivers

Maturity	Current Yield	Daily Change	Weekly Trend
3M Treasury	**3.913%**	+6.8bp	Fed funds expectations rising
10Y Treasury	**4.975%**	+3.1bp	Breaking through 5% resistance
30Y Treasury	**5.354%**	-0.7bp	Curve steepening dynamic
2s10s Spread (Est.)	40-45bp	+5-8bp	Steepening on growth optimism

CREDIT ISSUANCE PIPELINE

Primary Market Conditions & Near-Term Calendar

Segment	This Week Est.	Market Conditions	Pricing Dynamics
Investment Grade	$15-20bn	Solid demand, rate volatility concern	+10-15bp to secondaries
High Yield	$3-5bn	Selective appetite, quality focus	+25-35bp to secondaries

Leveraged Loans	$8-12bn	Strong institutional demand	SOFR+400-500bp avg
Refinancing Activity	Elevated	2027-2028 maturity wall focus	Opportunistic window closing

SECTOR ANALYSIS

Credit Sector Rotation & Relative Value

Sector	IG Outlook	HY Outlook	Key Drivers
Technology	Overweight	Neutral	AI capex cycle, strong balance sheets
Healthcare	Overweight	Overweight	Defensive characteristics, M&A activity
Energy	Underweight	Underweight	Oil price pressure, capex discipline needed
Financials	Neutral	Overweight	Rate environment supportive, credit normalization
Consumer Discretionary	Underweight	Neutral	Consumer spending moderation concerns
Utilities	Overweight	N/A	Infrastructure spending, rate sensitivity

MACRO CREDIT IMPLICATIONS

Economic Data Impact on Credit Markets

Economic Indicator	Latest Reading	Credit Impact	Policy Implications
Unemployment Rate	**4.3%**	Supportive for credit quality	Fed flexibility maintained
Nonfarm Payrolls	**159,075K**	Stable employment = lower defaults	No recession pressure on Fed
CPI (Aug)	**334.131**	Inflation persistence = higher rates	Fed hawkish bias continues
Fed Balance Sheet	$6.74T	QT continues, liquidity tightening	Technical headwinds for credit

DEVELOPMENTS TO WATCH

Rating Actions & Credit Events

Category	Key Developments	Timeline	Market Impact
Rating Reviews	Energy sector downgrades likely	Q4 2026	HY energy spread widening
Default Watch	Retail/consumer discretionary stress	Ongoing	Sector rotation acceleration
Regulatory Changes	Basel III endgame implementation	2027-2028	Bank capital requirements rising
M&A Activity	Healthcare consolidation wave	Q4 2026	Event-driven opportunities

RECOMMENDATIONS

Portfolio Positioning & Tactical Allocation

Strategy	Rationale	Implementation	Risk Management
Overweight Credit vs Duration	Credit spreads stable despite rate backup	Reduce Treasury duration, add IG/HY	Monitor rate volatility impact
Quality Bias in HY	Late cycle dynamics emerging	BB-rated focus, avoid CCC	Sector diversification critical
Floating Rate Exposure	Rising rate environment persists	Bank loans, floating rate notes	Credit selection paramount
Defensive Sector Tilt	Economic uncertainty increasing	Healthcare, utilities, technology	Avoid cyclical exposure

Bull/Bear Scenarios

Scenario	Probability	Credit Impact	Positioning
Bull Case: Soft landing achieved	40%	Spreads tighten 25-50bp across sectors	Add risk, extend duration
Base Case: Continued volatility	45%	Range-bound spreads, sector rotation	Current positioning appropriate
Bear Case: Economic slowdown	15%	Spreads widen 75-150bp, defaults rise	Defensive positioning, cash build

This analysis is based on market data as of 6:00 AM ET, September 14, 2026. Credit spread estimates derived from ETF performance and historical relationships. For institutional use only.

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