In Credit

22 June 2026

What's new pussycat?

Larry the long-serving 10 Downing Street cat is set to welcome yet another UK prime minister, the seventh in a decade. Elsewhere, there was a repricing of interest rate risk on hawkish noises from central banks. Read on for a breakdown of fixed income news across sectors and regions.

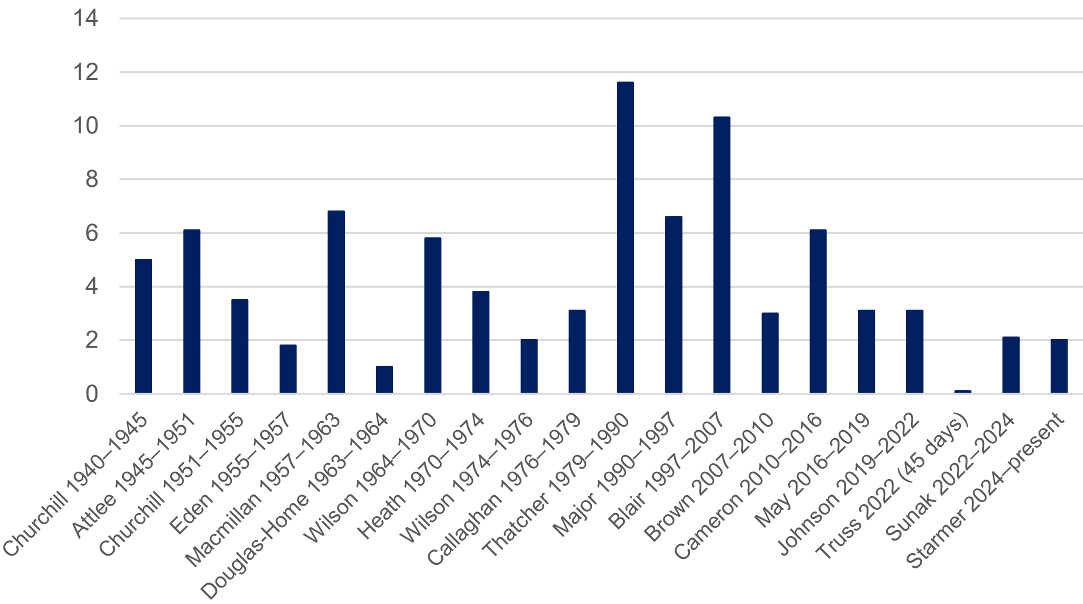
Chart of the Week

Gary Smith,
Head of Client Portfolio Management team, Fixed Income, EMEA

Larry is the long serving Downing Street cat who will soon welcome his seventh prime minister to Number 10. He probably expected a lower turnover when he was appointed Chief Mouser in 2011 (yes, he really has that job title). One explanation is that the Brexit vote of 2016 turned traditional left/right politics on its head and fostered a more fractured and unstable political landscape. Combine this with a dire fiscal situation – courtesy of the 2008 global financial crisis and the 2020 Covid pandemic – and there is little policy headroom for incoming prime ministers.

Our chart shows the length of PM tenancies dating back to 1945. Polymarket estimates the probability of Andy Burham becoming prime minister this year at more than 96%. Larry will be hoping he has been blessed with more than a whisker of political longevity.

Years served as UK prime minister



Source: Columbia Threadneedle, June 2026

Markets at a glance

	Price / Yield / Spread	Change 1 week	Index QTD return*	Index YTD return
US Treasury 10 year	**4.51%**	**11 bps**	**-1.0%**	**1.9%**
German Bund 10 year	2.58%	8 bps	1.4%	-0.5%
UK Gilt 10 year	**4.66%**	**1 bps**	**0.9%**	**1.3%**
Japan 10 year	1.47%	-3 bps	-0.4%	-2.8%
Global Investment Grade	**90 bps**	**-3 bps**	**0.3%**	**2.0%**
Euro Investment Grade	94 bps	-3 bps	1.3%	1.5%
US Investment Grade	**87 bps**	**-4 bps**	**-0.2%**	**2.1%**
UK Investment Grade	85 bps	-5 bps	1.5%	2.2%
Asia Investment Grade	**128 bps**	**-8 bps**	**0.5%**	**2.8%**
Euro High Yield	323 bps	-18 bps	2.0%	2.7%
US High Yield	**309 bps**	**-22 bps**	**2.0%**	**3.0%**
Asia High Yield	495 bps	5 bps	-0.6%	2.3%
EM Sovereign	**291 bps**	**-15 bps**	**1.2%**	**3.6%**
EM Local	6.1%	0 bps	5.5%	10.0%
EM Corporate	**259 bps**	**-13 bps**	**0.3%**	**2.7%**
Bloomberg Barclays US Munis	4.1%	1 bps	-0.8%	-1.0%
Taxable Munis	**5.3%**	**8 bps**	**-2.1%**	**0.7%**
Bloomberg Barclays US MBS	42 bps	0 bps	-1.1%	1.9%
Bloomberg Commodity Index	**253.79**	**3.4%**	**-2.1%**	**6.6%**
EUR	1.1407	0.4%	5.4%	10.1%
JPY	**144.61**	**-0.6%**	**3.5%**	**8.5%**
GBP	1.3545	0.5%	4.7%	8.1%

Source: Bloomberg, ICE Indices, as of 19 June 2026. *QTD denotes returns from 31 Month 2026.

Macro/government bonds

Simon Roberts
Product Specialist, Global Rates

The dominant theme in fixed income markets last week was a repricing of interest rate risk amid more hawkish messaging from central banks. This was most evident at the front end of the US curve, where two-year yields rose by 10bps, while 10-year yields declined by 3bps.

The US and Iran reached a memorandum of understanding and triggered a move lower in the Brent oil price from $87 to $80. However, uncertainty remains around the extent to which the US can restrain Israeli actions in Lebanon, which could yet destabilise any ceasefire.

Last week saw many central bank meetings. The Bank of Japan (BoJ) increased interest rates to 1%, the highest level since 1995, while signalling that monetary policy was likely to tighten further. Kevin Warsh chaired his first meeting at the US Federal Reserve (Fed), who kept rates on hold at 3.75%. Economic projections showed that half of Fed policy makers think current conditions merit tighter monetary policy this year, while the Fed also adjusted its inflation forecasts higher. The market interpreted the meeting as hawkish, pushing interest rate expectations higher into 2026.The Bank of England left rates on hold at 3.75% in a 7-2 vote. Andrew Bailey defended the decision, citing a recent fall in energy prices, tighter financial conditions and subdued economic growth.

Also in the UK, aspiring prime minister Andy Burnham won the Makerfield by-election by more than 50% on a platform of change. This culminated on Monday morning with an announcement by Sir Keir Starmer that he would step down as prime minister and leader of the Labour party as soon as the electoral contest to replace him was concluded.

Activity We have increased duration risk moderately in the US and the UK, as well as implemented a long yen position versus the US dollar in anticipation of further support for the yen.

Liability driven investments (LDI)

Arthur Stroij,
Client Portfolio Manager, Continental Europe

European rates markets have seen modest downward pressure over the past week, with EUR swap curves falling across all tenors as inflation concerns eased following a breakthrough peace deal between the US and Iran.

The volatile geopolitical backdrop improved significantly at the beginning of the week following the announcement and signing of a peace deal between the US and Iran. The agreement includes a commitment to reach a final settlement within 60 days. As part of the deal, the Strait of Hormuz reopened, leading to an immediate easing of energy market pressures – oil prices fell 9% over the week. Negotiations are currently underway in Switzerland to finalise the terms, with early reports indicating encouraging progress. The situation remains fluid, but momentum has shifted markedly toward de-escalation from the impasse that characterised recent weeks.

EUR swap rates declined across the curve in response to these developments. The 10-year swap rate fell 8bps to 3.03%, while the long end of the curve saw more modest moves with the 30-year swap rate declining 3bps to 3.20%. These moves resulted in a bull steepening of the curve, reflecting the eased geopolitical tensions and impact on inflation expectations. The one-year forward rate for one-year inflation swaps stands at 2.08%, suggesting that markets expect inflation to normalise now geopolitical tensions have eased. Sovereign spreads for AAA and AA-rated euro government bonds remained stable throughout the period.

The European Central Bank (ECB) delivered a widely expected 25bps rate hike on 11 June, lifting the deposit facility rate to 2.25%. This was in response to renewed inflationary pressures stemming from higher energy prices driven by the geopolitical conflict in the Middle East. In its accompanying statement, the ECB emphasised that there is no pre-committed rate path and that future decisions will be based on inflation risks, economic data and the strength of policy transmission. Markets have responded to the easing geopolitical tensions and falling oil prices by repricing expectations: investors now anticipate a further 1.5 rate hikes by year-end, down from the two hikes priced in prior to the peace deal, with an implied terminal rate around 2.5%-2.6% by early 2027.

Investment grade credit

Steven Nelson,
Client Portfolio Manager, Fixed Income, EMEA

Global investment grade (IG) credit spreads edged wider over the week, as a sharp move higher in rates offset an initially constructive tone. Markets started on a firmer footing, supported by tentative geopolitical progress, but sentiment shifted following a hawkish first Federal Open Market Committee under new Fed Chair Warsh. Front-end Treasury yields repriced and the dollar strengthened. Despite this, credit held in relatively well with the still-elevated all-in yield backdrop continuing to provide support, even as spreads moved modestly off recent tights.

Primary activity was heavily skewed to the early part of the week. US dollar IG issuance reached $49 billion, comfortably exceeding expectations. This was led by Nvidia's $25 billion multi-tranche deal, which was significantly upsized and multiple times oversubscribed. Issuance slowed sharply thereafter, with limited activity ahead of the Fed and US holiday period. Recent supply has continued to be well absorbed, with new issue concessions compressing further and transactions typically 3x-4x oversubscribed. In Europe, volumes moderated to around €36.5 billion with IG corporates and financials contributing just over €25 billion. Technicals remain supportive, although there are early signs of softening in European demand conditions.

In spread terms, US credit moved out marginally to 73bps, with Europe also slightly wider. The move remains contained, especially relative to the scale of the rates move, with fundamentals continuing to provide a solid backdrop. Elsewhere, US mutual fund flow data showed modest inflows in recent weeks, bringing year-to-date flows back towards flat, suggesting demand remains steady but not accelerating.

On the corporate side, SpaceX received an inaugural IG rating and is expected to come to the primary market in the coming week. However, governance considerations and negative free cash flow remain points of focus for investors. In issuer-specific developments, Tesco reported a softer-than-expected Q1 update, citing weaker consumer demand and competitive pressures; BMW lowered guidance on continued China weakness; and BHP announced a sizeable impairment linked to higher capex on its potash project following delays.

US high yield credit and leveraged loans

Chris Jorel,
Client Portfolio Manager, US High Yield

High yield (HY) activity slowed last week as participants turned their attention to the World Cup and the long holiday weekend, with volumes down approximately 20%. Despite the quiet conditions, the ICE BofA US HY CP Constrained Index delivered a +0.25% return with spreads holding steady at 280bps. CCCs widened but this was isolated to a handful of specific credits rather than reflecting broader market concerns. New issue flow remained light with only a few small deals pricing, a theme likely to continue through to the 4 July holiday.

Leveraged loans continued to show improving fundamentals outside of CCCs, with a JP Morgan report showing revenues and EBITDA at a three-year high and interest coverage rising to 3.2x. Last week saw tightening across the quality spectrum, and the average price of the S&P/LSTA Leveraged Loan Index rose $0.09 to finish at $94.33.

European high yield credit

Angelina Chueh,
Client Portfolio Manager, European High Yield

European HY had a solid week returning 0.24%, with single Bs and CCCs strongly outperformed the market (0.41% and 0.56% respectively). Spreads tightened 7bps to 275bps as yields also fell 7bps to 6%. Inflows returned with €501 million added to EHY via both ETFs and managed accounts, dominated by the latter. The primary market, supported by optimism around the US-Iran deal, saw a pick-up with €5.2 billion of new issuance via nine deals, most of which were rated single B. EHY supply has previously been largely skewed to BBs and hybrids. This takes the year-to-date figure to €70 billion gross with €28 billion net. New issuance supply is expected to remain strong to the end of June with 10 deals totalling €7 billion expected over the new two weeks, including €3 billion in new money.

In M&A news, specialty chemicals firm Synthomer announced the sale of its Acrylate Monomers business for up to €12 million. This follows an announcement the previous week of the sale of its Cleveland asset in Ohio for $9 million and is part of the £150-£200 million targeted disposal plan. Flos B&B Italia, a home furniture manufacturer, announced the sale of lighting designer Louis Poulsen, which comprised 25% of 2025 EBITDA.

In rating news, INTRUM was upgraded to B- from CCC+ by S&P amid a SEK7.5 billion equity capital raise. House of HR Group was cut to B- by S&P, flagging prolonged weakness in the staffing industry and uncertain macro conditions with leverage at around 7x. Finally, Verisure was upgraded by Fitch to BBB- – its first investment grade rating.

In restructuring news, Stora Enso launched a consent solicitation for its entire bond curve due to its proposed separation of Swedish Forestry Assets. Stora argued that the separation does not constitute an event of default. They are seeking noteholder approval 'as a matter of prudence'.

Structured credit

Kinsey Wessels,
Client Portfolio Analyst, Fixed Income

The structured products market last week can be characterised by continued heavy supply, strong demand dynamics and relatively stable spread levels across most sectors. Issuance remained robust as investors continued seeking yield and structured exposure in an environment of elevated rates and inflation pressures.

Notably, agency mortgages, which have typically traded directionally with rate moves, performed relatively well following Warsh's commentary during the Fed FOMC meeting last week, finishing flat to only slightly wider. This represents improved performance compared to what would have been expected nine months ago under similar circumstances, when agency mortgage-backed securities (MBS) spreads had widened significantly to around 300bps over Treasuries, well above the historical norm, and exhibited heightened sensitivity to rate volatility. The Bloomberg US MBS Index returning +9bps for the week, while 30-year securities continued to outperform their 15-year counterparts as rates bull flattened on the week. Higher coupons outperformed, with their spreads relatively flat while lower coupons widened. Agency MBS issuance hit $5 billion last week, with year-to-date volumes of $120 billion running 45% above 2025 levels.

Spreads in Commercial MBS were essentially unchanged on the week across the entire capital stack. Three new issues priced last week, totalling $2 billion, with robust supply anticipated through summer. Asset-backed securities were relatively quiet last week and spreads were mostly unchanged, but year-to-date we have seen record new issue volume (up 19% year-on-year).

Asian credit

Justin Ong,
Research Analyst, Asian Fixed Income

The JACI delivered positive returns of 38bps during the week, driven largely by rates (+43bps), which compensated for negative spreads (-5bps). JACI IG posted positive returns of 34bps and HY generated 62bps.

In China, retail sales declined 0.6% year-on-year, for the first time over three years, partly explained by a high base. In 2025, consumption was boosted by the trade-in subsidies for electronics and consumer goods. Fixed asset investment contracted due to slow budget implementation. Positively, trade growth continued to be supported by the global demand for AI and higher commodity prices. Exports increased almost 20% year-on-year in May, driving up industrial production by 4.5% year-on-year.

In the primary market, the Philippines raised US$2.5 billion from its second US dollar bond issuance of the year, comprising new 5.5-year and 10-year tranches alongside a tap of its existing 25-year (2051) bonds. Genting withdrew its proposal to issue a new Singapore dollar perpetual due to market volatility. One positive for Genting is that Resort World New York City

(RWNYC) has generated an average weekly gross gaming revenue (GGR) of US$28.1 million during the first seven weeks of opening its full commercial casino, across 242 live tables and 2,507 commercial casino slots. Prior to obtaining the full casino license, RWNYC generated an average weekly GGR of US$13.2 million from slots and electronic table games.

Emerging markets

Omotoke Joseph,
Product Specialist, Emerging Market Debt

Emerging market (EM) debt returned +0.4% over the week. Corporate bonds were broadly flat at +0.02% while local markets posted a modest decline of -0.10%.

The week opened on a constructive note following the signing of a US-Iran peace agreement. Key elements of the deal included the reopening of the Strait of Hormuz, a $300 billion reconstruction plan for Iran, and the removal of US sanctions. Oil prices declined on the announcement, opening on Monday at $82.79 having stood at $86.80 on Friday, reaching intra-week lows of $76.91. However, tensions resurfaced later in the week after Israeli strikes in Lebanon, which Iranian officials claimed were a breach of the ceasefire. Oil prices subsequently rebounded, opening yesterday at $81.67.

In Latin America, Brazil's central bank delivered a third consecutive rate cut, lowering the policy rate by 25bps to 14.25%, while signalling a more cautious outlook amid inflationary pressures and fiscal risks linked to the election cycle. Brazilian 10-year yields declined marginally (around 0.2%) following the decision. In Colombia, right-wing candidate De la Espriella secured a narrow presidential victory (49.66%) with markets responding positively to the perceived market-friendly outcome. Colombian bonds tightened by around 10bps on Monday's open. In Argentina, as the World Bank approved a guarantee-backed financing package expected to mobilise up to US$2 billion in commercial lending, supporting debt management and lowering financing costs, 2035 bonds rose 0.21% over the week.

In Europe, there was political uncertainty in Romania after prime ministerial nominee Eugen Tomac withdrew his candidacy amid insufficient support to form a technocratic government. President Dan subsequently nominated Adrian Vestea, who has indicated a preference for forming a conventional political government rather than technocratic version. Romanian 10-year bond prices declined by 0.3% over the week.

Important Information

For use by professional clients and/or equivalent investor types in your jurisdiction (not to be used with or passed on to retail clients). Source for all data and information is Bloomberg as at 22.6.2026, unless otherwise stated.

For marketing purposes.
This document is intended for informational purposes only and should not be considered representative of any particular investment. This should not be considered an offer or solicitation to buy or sell any securities or other financial instruments, or to provide investment advice or services. Investing involves risk including the risk of loss of principal. Your capital is at risk. Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. The value of investments is not guaranteed, and therefore an investor may not get back the amount invested. International investing involves certain risks and volatility due to potential political, economic or currency fluctuations and different financial and accounting standards. The securities included herein are for illustrative purposes only, subject to change and should not be construed as a recommendation to buy or sell. Securities discussed may or may not prove profitable. The views expressed are as of the date given, may change as market or other conditions change and may differ from views expressed by other Columbia Threadneedle Investments (Columbia Threadneedle) associates or affiliates. Actual investments or investment decisions made by Columbia Threadneedle and its affiliates, whether for its own account or on behalf of clients, may not necessarily reflect the views expressed. This information is not intended to provide investment advice and does not take into consideration individual investor circumstances. Investment decisions should always be made based on an investor's specific financial needs, objectives, goals, time horizon and risk tolerance. Asset classes described may not be suitable for all investors. Past performance does not guarantee future results, and no forecast should be considered a guarantee either. Information and opinions provided by third parties have been obtained from sources believed to be reliable, but accuracy and completeness cannot be guaranteed. This document and its contents have not been reviewed by any regulatory authority.

In Australia: Issued by Threadneedle Investments Singapore (Pte.) Limited ["TIS"], ARBN 600 027 414. TIS is exempt from the requirement to hold an Australian financial services licence under the Corporations Act 2001 (Cth) and relies on Class Order 03/1102 in respect of the financial services it provides to wholesale clients in Australia. This document should only be distributed in Australia to "wholesale clients" as defined in Section 761G of the Corporations Act. TIS is regulated in Singapore (Registration number: 201101559W) by the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289), which differ from Australian laws.
In Singapore: Issued by Threadneedle Investments Singapore (Pte.) Limited, 3 Killiney Road, #07-07, Winsland House 1, Singapore 239519, which is regulated in Singapore by the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289). Registration number: 201101559W. This advertisement has not been reviewed by the Monetary Authority of Singapore.
In Hong Kong: Issued by Threadneedle Portfolio Services Hong Kong Limited 天利投資管理香港有限公司. Unit 3004, Two Exchange Square, 8 Connaught Place, Hong Kong, which is licensed by the Securities and Futures Commission ("SFC") to conduct Type 1 regulated activities (CE:AQA779). Registered in Hong Kong under the Companies Ordinance (Chapter 622), No. 1173058.
In Japan: Issued by Columbia Threadneedle Investments Japan Co., Ltd. Financial Instruments Business Operator, The Director-General of Kanto Local Finance Bureau (FIBO) No.3281, and a member of Japan Investment Advisers Association and Type II Financial Instruments Firms Association.
In the UK: Issued by Threadneedle Asset Management Limited, No. 573204 and/or Columbia Threadneedle Management Limited, No. 517895, both registered in England and Wales and authorised and regulated in the UK by the Financial Conduct Authority.
In the EEA: Issued by Threadneedle Management Luxembourg S.A., registered with the Registre de Commerce et des Sociétés (Luxembourg), No. B 110242 and/or Columbia Threadneedle Netherlands B.V., regulated by the Dutch Authority for the Financial Markets (AFM), registered No. 08068841.
In Switzerland: Issued by Threadneedle Portfolio Services AG, Registered address: Claridenstrasse 41, 8002 Zurich, Switzerland.
In the Middle East: This document is distributed by Columbia Threadneedle Investments (ME) Limited, which is regulated by the Dubai Financial Services Authority (DFSA). The information in this document is not intended as financial advice and is only intended for persons with appropriate investment knowledge who meet the regulatory criteria to be classified as a Professional Client or Market Counterparty and no other person should act upon it. This document and its contents and any other information or opinions subsequently supplied or given to you are strictly confidential and for the sole use of those attending the presentation. It may not be reproduced in any form or passed on to any third party without the express written permission of CTIME. By accepting delivery of this presentation, you agree that it is not to be copied or reproduced in whole or in part and that you will not disclose its contents to any other person.

This document may be made available to you by an affiliated company which is part of the Columbia Threadneedle Investments group of companies: Columbia Threadneedle Management Limited in the UK; Columbia Threadneedle Netherlands B.V., regulated by the Dutch Authority for the Financial Markets (AFM), registered No. 08068841.