In Credit

16 November 2026

Three is the magic number

Presidents Xi, Trump and Putin meet this week with nuclear stockpiles in focus, but with positions far apart the realistic prize is a commitment to keep talking. Read on for a breakdown of fixed income news across sectors and regions.



Chart of the Week

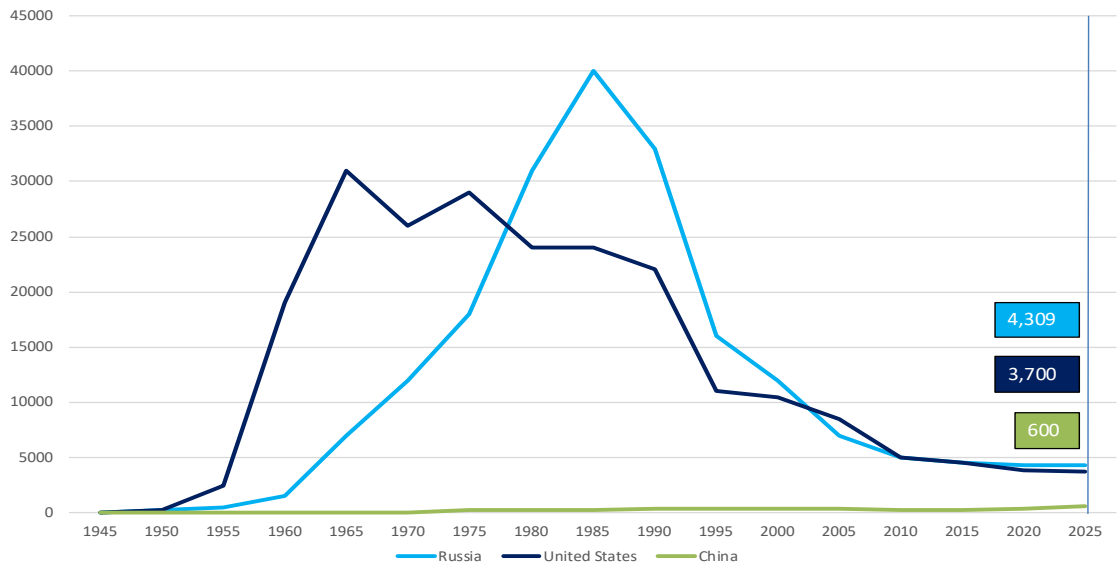
Gary Smith,
Head of Client Portfolio Management team, Fixed Income, EMEA

Thursday brings the first face-to-face summit between presidents Xi, Trump and Putin. Comparisons with the 1945 Yalta conference – when Churchill, Stalin and Roosevelt carved up post-war Europe – have been plentiful. For Putin, the summit is a status play: it puts Russia firmly alongside the US and China as one of three indispensable strategic powers.

Notably absent are Ukraine, Taiwan and Iran. Instead, the focus is nuclear arms control. The *New START* agreement expired in February, leaving the US and Russia unconstrained. Trump wants a new three-power framework with Beijing inside future limits. Xi wants recognition as an equal strategic power and a lower risk of confrontation – but not equal caps.

Three may be a magic number, but with positions this far apart, an arms-reduction deal is unlikely. The realistic prize is a commitment to keep talking – and agreement to launch a formal three-way strategic-arms dialogue would be a significant result.

Estimated nuclear warhead stockpile by country



Source: Statista/Federation of American Scientists, as of 12 June 2025

Markets dashboard

G4 rates

	Ccy	Level	YDAY	MTD	YTD	12MO
2 Year	EUR	3.15	-0.02	0.11	1.03	1.12
	GBP	5.01	0.00	0.14	1.27	1.16
	JPY	1.88	0.02	0.00	0.70	0.94
	USD	4.85	-0.04	0.26	1.38	1.24
5 Year	EUR	3.22	0.01	0.09	0.77	0.90
	GBP	5.04	0.01	0.11	1.11	1.03
	JPY	2.27	0.05	0.03	0.72	1.01
	USD	4.96	-0.01	0.24	1.23	1.23
10 Year	EUR	3.38	0.03	0.05	0.52	0.66
	GBP	5.35	0.04	0.07	0.87	0.78
	JPY	2.89	0.06	0.11	0.83	1.18
	USD	5.13	0.01	0.20	0.96	0.98
30 Year	EUR	3.73	0.04	0.05	0.25	0.41
	GBP	5.79	0.06	0.08	0.58	0.39
	JPY	4.05	0.06	0.20	0.65	0.82
	USD	5.46	0.01	0.15	0.61	0.71

Yield-spreads

	Mkt	Level	YDAY	MTD	YTD	12MO
10 Year	US-DE	1.75	-0.02	0.15	0.44	0.32
	UK-DE	1.98	0.01	0.01	0.35	0.12
	FR-DE	1.56	0.01	-0.09	0.85	0.82
	IT-DE	1.05	0.01	-0.14	0.36	0.30

Inflation breakevens

	Market	Level	YDAY	MTD	YTD	YTD
10 Year	France	1.83	0.01	-0.03	0.08	0.02
	Italy	1.97	0.02	-0.08	0.25	0.19
	Germany	2.06	0.01	-0.15	0.32	0.28
	UK	3.29	-0.01	-0.10	0.35	0.29
	US	2.25	-0.01	-0.09	0.00	-0.06

G10 FX

FX	Level	YDAY	MTD	YTD	12MO
EUR	1.103	-0.3	-1.2	-6.1	-4.9
GBP	1.322	-0.2	-1.3	-1.9	0.5
JPY	159.39	0.1	-1.1	-1.7	-2.6
CAD	1.428	-0.1	-2.1	-3.9	-1.6
AUD	0.676	-0.5	-3.8	1.3	4.1
NZD	0.552	-0.4	-1.9	-4.1	-2.4
CHF	0.839	-0.4	-1.6	-5.5	-5.1
NOK	9.573	-0.2	-3.9	5.4	5.6
SEK	10.062	-0.5	-2.3	-8.5	-5.9

Key references

Mkt	Level	YDAY	MTD	YTD	12MO
DXY	103.37	0.2	1.5	5.1	4.1
BRENT	95.46	0.0	-18.9	56.9	48.3
GOLD	3,863	0.2	-0.3	-10.6	-4.5
BITCOIN	64,301	-4.4	-16.9	-26.6	-31.2
SPX	7,562	-0.4	-0.2	10.5	12.3
FTSE	10,927	0.4	1.8	10.0	12.7
VIX	20	1	0	5	0

Credit spreads - OAS, bp

Mkt	Level	YDAY	MTD	YTD	12MO
Global IG	91	0	-5	11	7
USD IG	86	0	-4	8	3
EUR IG	99	0	-6	21	17
Global HY	329	3	-24	38	21
USD HY	316	4	-24	50	25
EUR HY	356	0	-29	75	62
EMBI-GD	196	5	-5	1	-7

Source: Bloomberg/Columbia Threadneedle Investments as of 13 November 2026. OAS – option-adjusted spread; Yield spreads are the spreads over German Bunds (DE); DXY – US dollar Index; SPX – S&P 500 Index; FTSE – FTSE All-Share index; VIX – CBOE Volatility Index; HY – High yield bonds; EMBI-GD – JPMorgan Emerging Markets Bond Index (Global Diversified).



Macro/government bonds

Simon Roberts
Product Specialist, Global Rates

Core markets bear-flattened last week, most notably in the US, as stronger-than-expected CPI and a drumbeat of hawkish US Federal Reserve (Fed) commentary extinguished hopes of a near-term pivot. October CPI rose 0.4% month-on-month at the headline level and 0.3% at the core, both above expectations, with price pressures spreading across goods and services. Debate has shifted to the magnitude and duration of any tightening cycle: market-implied Fed rate expectations for September 2027 climbed from 4.3% to 4.7%, while the two-year Treasury yield rose 33bps and the 30-year 20bps.

A geopolitical risk premium remained in evidence. Brent fell from $98 a barrel to an intraweek closing low of $91 before recovering to $96, after late-week comments from Trump that the conflict could end without a formal deal on Iran's nuclear programme. The uncertainty kept risk sentiment fragile.

The European Central Bank (ECB) and Bank of Japan (BoJ) also struck a hawkish tone. Bundesbank head and Governing Council member Joachim Nagel called a December rate hike an obvious outcome, as the ECB seeks to contain second-round effects amid elevated inflation risks. The BoJ's Summary of Opinions from its October meeting stressed the need to tighten

policy rather than risk being overly cautious. In Japan, as in Europe and the US, the market is looking for a December rate hike.

Positioning Against this backdrop, we reduced modest long duration and returned to neutral.



Liability driven investments (LDI)

Reve Kragbe,
Investments Associate

The 10-year gilt yield rose 11.2bps to 5.335% and the 30-year 12.2bps to 5.781%, extending the sell-off that followed the Bank of England (BoE) Monetary Policy Committee's (MPC) 5 November rate hike. Higher inflation expectations drove the move: the 10-year breakeven rose 7.9bps to 3.288%, accounting for 71% of the rise in nominal yields.

Gilts opened the week supported by lower oil prices, which tempered rate-hike expectations, but a stronger-than-expected US inflation print triggered a global fixed-income sell-off and raised expectations of further central bank tightening. This week, UK labour market data and October CPI will determine whether markets maintain the current 77% probability of a December rate hike.

Supply was absorbed comfortably despite higher yields. The £1 billion January 2056 auction cleared at 5.54% with a 3.75x bid-cover ratio, while the £4 billion March 2033 auction achieved 3.52x, stronger than in August. Current yield levels are attracting both liability-driven and long-term institutional buyers, helping offset concerns over increased issuance.

Higher nominal yields continue to reduce the present value of pension liabilities, supporting funding ratios for partially unhedged schemes. With inflation rather than real yields driving the sell-off, effective inflation hedge coverage remains important. Rising yields are also likely to have increased collateral requirements for leveraged LDI portfolios, underlining the need for adequate liquidity buffers amid continued rate volatility.



Investment grade credit

Steven Nelson,
Client Portfolio Manager, Investment Grade

Investment grade (IG) credit indices rallied on the week: Global IG tightened 5bps to 91bps, Euro IG 6bps to 96bps, US IG 4bps to 89bps and Sterling IG 4bps to 92bps. The iTraxx Main closed 3.5bps tighter at 59.2bps and CDX IG 2.7bps tighter at 58.8bps. Global technology led, reversing recent underperformance on strong demand for artificial intelligence (AI)-linked issuance. Tightening came despite a tougher rates backdrop, with hotter-than-expected CPI and hawkish Fed commentary pushing all-in IG yields higher. The key tension remained between supportive technicals (strong European inflows and primary demand) and rising all-in costs, in a rates market yet to find a ceiling.

European corporate and financial issuance totalled €27.7 billion, taking November supply to €74 billion, well ahead of last year. Monday saw the highest corporate tranche count since 2025, led by Booking's €3.55 billion deal and Moody's first euro deal since 2019. US issuance reached $42.3 billion, including Fox Corp's acquisition-linked deal, with Yankees such as Commonwealth Bank of Australia and UniCredit dominating later in the week. The pace of supply suggests borrowers are front-loading ahead of the year-end slowdown.

Bank consolidation remained a dominant theme in European financials. UniCredit reported a record Q3 2026, beating estimates on net income and revenue, and its Commerzbank acquisition received unconditional EU approval. Crédit Agricole proposed merging its Italian operations with Banco BPM, subject to negotiation.

In telecoms, Telefónica delivered solid Q3 2026 numbers, while VMED-O2's plans to cut jobs and halt fibre investment read positively for BT's Openreach. A Putin decree placed Japan Tobacco International's Russian assets under temporary administration. Anglo American's proposed $500 million Brazilian nickel disposal, subject to EU approval, continued to support deleveraging, while Barrick filed for the IPO of American Barrick Gold, comprising its Nevada and Dominican Republic JV assets.



US high yield credit and leveraged loans

Chris Jorel,
Client Portfolio Manager, US High Yield

US high yield (HY) held up well last week despite a sharp move in rates, driven by a hot CPI print and more hawkish commentary from the Fed. After some widening following the midterm elections, the market bounced back. Spreads tightened about 20bps to finish the week at +323bps, and yield-to-worst ended at 8.30%. The ICE BofA US HY CP Constrained Index fell 0.27% for the week. Valuations look more attractive. Yields now sit around the 68th percentile of their history, a level that has historically been followed by strong returns. Earnings remain solid, but dispersion is a theme and the market has been quick to punish idiosyncratic misses. According to Lipper, US HY bond retail funds reported a third consecutive weekly inflow of $1.4 billion. New issuance slowed to three deals totalling $2.3 billion.

In leveraged loans, the average price of the S&P UBS Leveraged Loan Index rose $0.07 to finish the week at $93.99. Loans did not rebound as much as HY, because they had held up better during the earlier weakness. Demand stayed steady. Loan funds took in another $911 million, or 0.5% of weekly AUM, and four new loans priced in the primary market for a total of $3 billion.



European high yield credit

Angelina Chueh,
Client Portfolio Manager, European High Yield

European HY returned +0.46%, a second consecutive positive week, extending the recovery from October's sharp drawdown. Single Bs (+0.81%) led for a second week, with CCCs (+0.50%) maintaining positive momentum and BBs (+0.32%) lagging – consistent with a credit compression trade in a risk-on environment. Spreads tightened 24bps to 343bps while yields fell 8bps to 7.10%.

Net inflows of €138 million came from both exchange-traded funds (ETFs) and managed accounts – the first managed account inflows since late September – a constructive signal that institutional allocators are returning alongside the passive bid.

The primary market returned after the previous week's pause, with Cedacri SpA pricing a €1 billion two-tranche senior secured deal on 11 November. The deal was the largest European HY transaction of the week and the most significant leveraged buyout (LBO)-linked financing to price since Recordati's €4.5 billion mega-deal in late October. Overall, primary supply across four deals totalled €3.2 billion, split evenly between BBs and Bs.

Earnings announcements were mixed. Playtech raised full-year 2026 EBITDA guidance above €300 million, while Aggreko, B&M, Premier Foods, Asda and Intralot were solid or in line. This was offset by negative surprises from SoftBank (a $7 billion net loss on a $3.7 billion equipment write-down), Iceland, Modulaire, Nissan, Skydance (flat 2027 free cashflow) and Wepa.

Overall, risk appetite improved but stays tied to AI-related equity swings while dispersion remains high.



Structured credit

Kinsey Wessels,
Client Portfolio Analyst, Fixed Income

Rate volatility picked up meaningfully on higher CPI and hawkish Fed talk, making for a soft week in agency mortgage-backed securities (MBS), with the Bloomberg US MBS Index returning -184bps. Housing data remained weak, with October existing home sales falling 5.5% to the lowest volume since 2010, while the median price rose just 0.4% year-on-year to $417,000. Within agency MBS, 15-years outperformed 30-years on both a total and excess return basis as the curve bear-flattened and spreads widened, and lower coupons held up better as the belly and higher coupons widened more. October prepayment speeds fell 10% for 30s and 5% for 15s, a bit slower than anticipated. Average 30-year mortgage rates dipped 9bps but remain elevated at 7.21%. Non-agency was a relative bright spot, with spreads mostly flat to a bit tighter across subsectors. Eight-plus deals totalling approximately $2.8 billion priced last week, bringing year-to-date volume to a post-financial crisis record of $239 billion, with roughly $40 billion more expected by year-end.

Commercial mortgage-backed securities (CMBS) had a quiet week, with secondary volume lighter than average on higher rates and volatility, and benchmark conduit spreads unchanged week-on-week. Two single-asset single-borrower (SASB) deals priced last week totalling $800 million, bringing year-to-date issuance to $149 billion. In asset-backed securities (ABS), secondary trading was a bit lighter, with $4.8 billion of volume versus the year-to-date weekly average of $6.6 billion. Secondary benchmark spreads were mostly unchanged, with some volatility in esoteric subsectors such as containers and fibre. The AAA-to-below-AAA spread remained at +99bps, below the two-year average of +115bps, while the spread between AAA-A ABS and AAA-A corporates widened 7bps to +32bps, still below its two-year average of +38bps. Issuance was busy, with 10 new deals pricing for $4.9 billion last week, bringing year-to-date issuance up 4.3% year-on-year.



Asian credit

Justin Ong,
Research Analyst, Asian Fixed Income

The JACI Diversified generated a loss of 72bps, almost all due to unfavourable rates movement (a loss of 71bps). JACI Diversified IG underperformed with a 91bps loss, while HY posted a 23bps loss.

Fitch downgraded SJM Holdings from B+ to B- with a negative outlook. The downgrade reflects an increase in leverage, driven by weak operating performance and a negative market share trend. Additionally, the company has significant refinancing needs (US$500 million in January 2028 and a HKD19 billion syndicated loan due in June 2028).

New World Development (NWD) has proposed a deeply discounted, fully underwritten rights issue to raise approximately HKD24.9 billion of gross proceeds. The company will offer 11 rights shares for every one existing share at HKD0.90 per share, representing an 81.5% discount to the pre-suspension closing price of HKD4.87. Of the net proceeds, approximately HKD8.2 billion will be used to prepay 10% of the Target Facilities, HKD8.7 billion for debt servicing and liability management, including senior notes, bank loans, interest payments and deferred distributions on perpetual securities, and HKD7.2 billion to fund and accelerate the development pipeline. Alongside the rights issue, NWD is seeking to amend HKD82 billion of Target Facilities, which currently mature between March 2027 and December 2029. Subject to successful completion of the rights issue and other conditions, the final maturities of the remaining 90%, or approximately HKD73.8 billion, will be extended by two years from their respective existing maturity dates.



Emerging markets

Omotoke Joseph,
Product Specialist, Emerging Market Debt

Emerging market (EM) debt remained relatively resilient despite a volatile backdrop, with sovereign and corporate spreads ending the week 4bps and 11bps tighter respectively. Spreads were squeezed by the rise in US Treasury yields, while underlying price performance was weaker. Sovereigns returned -1.04%, corporates -0.46% and local markets -1.29%.

Paraguay remained in focus as developments surrounding Ueno Bank continued to weigh on sentiment. Following Peña's formal removal and Alliana's appointment as president, prosecutors raided Peña's residence, reportedly uncovering a concealed vault behind a false wall with an elaborate security system. Meanwhile, authorities confirmed that depositors had begun receiving payments through the deposit-guarantee scheme. The swift repayment of retail deposits, alongside the orderly political transition, has helped contain immediate systemic risks, although uncertainty persists around potential public-sector losses, reputational damage and the ultimate fiscal cost. Fitch subsequently placed Paraguay's BB+ sovereign rating on negative watch, citing risks associated with Ueno's collapse, the political transition and existing fiscal pressures. Sovereign bonds remained under pressure, with 10-year bonds returning -1.68% over the week.

Brazil signalled further measures aimed at addressing the country's fiscal challenges, including tighter spending controls and greater flexibility to freeze expenditure should fiscal targets come under pressure. Although elements of the proposals remain conditional, the direction of travel was more constructive, indicating that Lula is responding to recent market concerns and helping to limit the risk of a more pronounced fiscal deterioration. Elsewhere, we saw Nigeria receive a further US$500m of IDA financing from the World Bank, bringing total programme funding to $1.2 billion. Market reaction to developments in both Brazil and Nigeria was relatively subdued, with investors awaiting further news as these measures take shape.

Looking ahead, attention will turn to monetary policy decisions in Hungary and South Africa, with both central banks expected to leave interest rates unchanged

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