In Credit

23 November 2026

COPs and robbers

COP31 ended without a global pact, leaving climate policy more fragmented; for bond investors that means wider divergence in transition costs across issuers. Read on for a breakdown of fixed income news across sectors and regions.



Chart of the Week

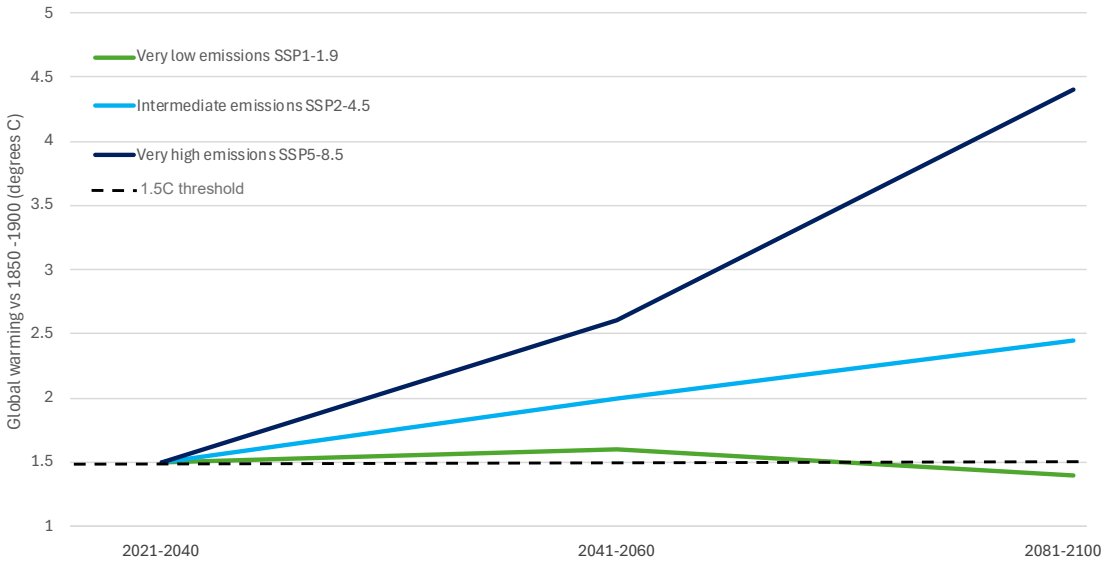
Gary Smith,
Head of Client Portfolio Management team, Fixed Income, EMEA

When consensus cools, the planet does not. COP31 ended in Antalya, Turkey, without the pact needed to strengthen the global policy response, while the gap between current commitments and a 1.5C-compatible emissions pathway remains substantial. The sticking point was a single phrase: fossil fuels. Russia and a group led by Saudi Arabia resisted the wording and, with consensus required, the pact fell – the first such failure since Copenhagen in 2009.

The failure highlights a widening divide between climate diplomacy and delivery. National laws, carbon markets, renewable investment and corporate transition plans remain, but without a pact the common global signal is weaker and policy is becoming more fragmented.

For fixed income investors, that points to greater divergence in national transition policies, more uneven carbon and regulatory costs across issuers, and rising adaptation and physical-risk expenditure. COP31 did not close the political gap, and the emissions gap continues to define the investment challenge.

How much warmer could the world get?



Source: IPCC, 2026. SSP = Shared Socioeconomic Pathway, five narrative scenarios that describe possible future developments.

Markets dashboard

G4 rates

	Ccy	Level	YDAY	MTD	YTD	12MO
2 Year	EUR	3.09	-0.11	0.05	0.97	1.08
	GBP	4.91	-0.08	0.04	1.17	1.13
	JPY	1.84	-0.03	-0.04	0.66	0.89
	USD	4.68	-0.11	0.10	1.21	1.18
5 Year	EUR	3.15	-0.11	0.02	0.70	0.87
	GBP	4.94	-0.09	0.01	1.01	0.98
	JPY	2.19	-0.05	-0.04	0.64	0.88
	USD	4.76	-0.12	0.04	1.04	1.14
10 Year	EUR	3.32	-0.10	0.00	0.47	0.62
	GBP	5.26	-0.07	-0.03	0.78	0.71
	JPY	2.80	-0.04	0.02	0.73	1.02
	USD	4.96	-0.10	0.03	0.79	0.90
30 Year	EUR	3.69	-0.08	0.01	0.22	0.35
	GBP	5.72	-0.06	0.01	0.51	0.35
	JPY	3.99	-0.02	0.14	0.59	0.67
	USD	5.34	-0.07	0.03	0.49	0.62

Yield-spreads

	Mkt	Level	YDAY	MTD	YTD	12MO
10 Year	US-DE	1.64	0.00	0.03	0.32	0.28
	UK-DE	1.94	0.02	-0.03	0.31	0.09
	FR-DE	1.51	-0.06	-0.14	0.80	0.74
	IT-DE	1.07	-0.03	-0.12	0.37	0.31

Inflation breakevens

	Market	Level	YDAY	MTD	YTD	YTD
10 Year	France	1.78	-0.04	-0.08	0.03	-0.02
	Italy	1.88	-0.04	-0.17	0.15	0.15
	Germany	1.93	-0.06	-0.28	0.18	0.17
	UK	3.21	-0.04	-0.18	0.27	0.26
	US	2.16	-0.03	-0.18	-0.09	-0.09

G10 FX

FX	Level	YDAY	MTD	YTD	12MO
EUR	1.100	0.0	-1.5	-6.4	-4.5
GBP	1.314	0.0	-1.9	-2.5	0.3
JPY	159.05	0.7	-0.9	-1.5	-1.4
CAD	1.431	0.0	-2.4	-4.1	-1.4
AUD	0.665	-0.5	-5.4	-0.3	2.9
NZD	0.548	-0.3	-2.7	-4.8	-2.4
CHF	0.837	0.5	-1.4	-5.3	-3.4
NOK	9.750	0.0	-5.6	3.5	5.0
SEK	10.197	-0.3	-3.6	-9.7	-6.3

Key references

Mkt	Level	YDAY	MTD	YTD	12MO
DXY	103.71	-0.1	1.8	5.5	3.5
BRENT	91.82	0.6	-21.9	50.9	46.8
GOLD	3,608	-2.4	-6.9	-16.5	-12.8
BITCOIN	61,313	-4.2	-20.8	-30.0	-30.3
SPX	6,910	-3.7	-8.8	0.9	4.7
FTSE	10,381	-1.0	-3.3	4.5	8.8
VIX	31	7	12	16	8

Credit spreads - OAS, bp

Mkt	Level	YDAY	MTD	YTD	12MO
Global IG	100	4	4	20	15
USD IG	96	4	6	18	12
EUR IG	105	3	0	27	22
Global HY	380	24	27	89	64
USD HY	367	23	27	101	65
EUR HY	385	17	0	104	83
EMBI-GD	233	16	31	38	21

Source: Bloomberg/Columbia Threadneedle Investments as of 20 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

An abrupt unwinding of the artificial intelligence (AI) trade dominated last week. US Treasuries bull steepened as yields fell across the curve: the two-year yield dropped around 20bps and the 30-year 14bps. Treasuries set the tone for core markets globally, although yield declines elsewhere were smaller. Demand reflected the US's reserve currency and safe-haven status.

The trigger was the Anthropic IPO, which quickly came to be seen as a symbol of excess rather than confidence. Post-IPO weakness hurt all AI-adjacent companies. The Nasdaq fell around 10%, its worst week since March 2020, while the Philadelphia Semiconductor index fell 17%. This risk-off shock overwhelmed the prevailing hawkish macro narrative.

US Federal Reserve (Fed) policymakers continued to deliver hawkish messaging, pointing to higher rates in a resilient growth environment. Markets are pricing two rate hikes before rates reach their terminal level later next year. Europe sounded a similar note: Bundesbank head, Joachim Nagel, called for a December hike, citing inflationary pressures. The European Commission's autumn forecast expects growth of around 1% over the next two years, with eurozone inflation not returning to 2% until 2028.

Tensions in the Gulf continued in the background but had limited impact on global rates markets, overshadowed by the broader risk-off move. Despite Iran attacking US air defence

installations in Bahrain and oil tankers in the Strait of Hormuz, Brent crude fell 3.4% to $92.6 a barrel.

Positioning There were no changes in global rates portfolios. We remain neutral on duration risk, preferring to allocate risk to cross-market and curvature strategies.



Liability driven investments (LDI)

Jan Wilemsen,
Client Portfolio Manager LDI, Continental Europe

Long-dated euro swap rates fell further this month. Since the start of November, the 20-year swap rate is down 9bps to 3.37% and the 50-year is down 7bps to 2.88%. The 20-year is now well below its 29 September peak of 3.72%. The move came despite upside surprises in realised inflation and growth data. A correction in equity markets, higher volatility and crude oil falling below $90 a barrel outweighed those surprises. Falling oil prices pulled inflation expectations lower, with the 10-year HICPx inflation swap down from 2.29% to 2.08%, close to the European Central Bank's (ECB) 2% target. Lower oil and lower inflation expectations were positive for the value of long-dated LDI hedges.

The 20s50s curve remains inverted at -49bps (50-year below 20-year), against -51bps at the start of the month. The 20-year fell more than the 50-year, so the inversion is marginally smaller. Structural liability-matching demand continues to anchor the ultra-long end.

French spreads remain elevated and have eased only slightly from peak-levels in September. The 30Y OAT-Bund spread is 166 bps, about 2 bps below its two-week average of 169 bps and close to the bottom of the 164–174 bps range. Long-dated France still trades about 38 bps wider than Italy. The 2027 election keeps the risk of renewed volatility high. For LDI portfolios managed against a swap benchmark, this supports active country risk management and flexibility to adjust duration, because shorter duration means smaller risk versus the benchmark. It also supports diversification across sovereigns and SSAs, which are also affected by spread moves.

The next phase of the Dutch WTP transition starts in Q4. The equity correction and lower yields reduce solvency levels. The fall is more moderate for funds that have implemented equity put options, but the gap to the new WTP hedging profile still widens. Dutch pension funds will therefore have to do more selling around 1 January, particularly in the 20Y+ segment than was previously anticipated. This could push long-end yields higher and reduce the inversion into year-end, so we are monitoring curve shape closely.



Investment grade credit

Steven Nelson,
Client Portfolio Manager, Investment Grade

US investment grade (IG) spreads widened steadily as buyers stepped back, with the Bloomberg US Corporate IG OAS climbing from 88.5bps on Monday to 96bps by Thursday. The move reflected weaker secondary buying and heavy net supply rather than a wave of outflows.

A sharp Treasury rally rescued returns, with yields falling 18bps at the two-year and five-year, 17bps at the 10-year and 14bps at the 30-year. Supply surged ahead of Thanksgiving, with 33 borrowers pricing almost $52 billion, led by Schneider Electric ($10 billion), Citigroup ($6.5 billion) and S&P Global ($2 billion). Only around 40% of new deals traded tighter in secondary, versus 82% the previous week. Fund outflows eased, with short/intermediate IG funds losing $389 million, the fourth straight weekly outflow, against $694 million the prior week.

The AI trade is now the central theme for IG credit. Financing AI-related infrastructure remained the dominant source of issuance, and hyperscaler deals were still three to five times oversubscribed. Data centre supply concentrated at the long end of the BBB curve. The sharp unwinding of the AI trade in equities last week, when the Nasdaq fell around 10%, shows how quickly sentiment can turn. Rising supply is expected eventually to require a higher risk premium.

Europe and Asia also turned cautious. Euro and GBP IG issuance reached €49.1 billion, taking the year-to-date total to a record €1.4 trillion, while the iTraxx Main tightened to 61.5bps and Crossover widened to 302bps-307bps. Asian IG protection costs hit a three-week high on Monday as regional equities weakened.

Looking ahead, market commentators expect range-bound spreads into year-end, with IG shifting from a spread-compression story to a carry story into 2027. The main risks are AI-related volatility, heavy supply, sovereign bond volatility, higher-than-expected CPI and geopolitics.



US high yield credit and leveraged loans

Chris Jorel,
Client Portfolio Manager, US High Yield

US high yield (HY) bonds came under pressure last week as the slow drift towards risk-off sentiment sped up into a broader selloff across equity and credit markets. High yield spreads ended the week 53bps wider at 376bps and an 8.63% yield-to-worst. The ICE BofA US HY CP Constrained Index returned -0.88%. Even so, the market held up relatively well compared with equities. Much of the price weakness came from lower-quality credits with weaker fundamentals, including names in building materials, glass packaging, healthcare and subprime Canadian credits. According to Lipper, US HY bond retail funds reported a $2.3 billion outflow, their first weekly outflow in four weeks.

In leveraged loans, spreads only widened 7bps and the average price of the S&P UBS Leveraged Loan Index finished the week down $0.22 at $93.77, a more modest decline than in HY, helped by heavy collateralised loan obligation (CLO) ramping across the industry. Weakness was again concentrated in lower-quality names in sectors such as cable and building products. Loan funds continue to see inflows this week, totalling $859 million. Risk sentiment rebounded sharply to start this week, and much of Friday's move has already been reversed.



European high yield credit

Angelina Chueh,
Client Portfolio Manager, European High Yield

European HY had a difficult week, returning -0.71%, the sharpest loss since late October and a reversal of the prior two-week recovery. Losses broadened across the spectrum, with BBs returning -0.58%, single-Bs -0.91% and CCCs -1.10%, as higher quality outperformed with the compression trade unwinding. Credit spreads widened 29bps to 372bps and yields rose 20bps to 7.3%. Despite the negative return, net inflows were €419 million, largely via exchange-traded funds (ETFs) and to a lesser extent managed accounts. The tone was driven by an AI-led global equity selloff, ECB hawkishness and French sovereign stress, with the European Commission saying France will miss its deficit goals. Primary issuance was the strongest in several weeks at €5.8 billion across eight deals. IMA was upsized to €1.75 billion and priced at 5.875% while APG priced at 5.25% and Ardagh Metal Packaging placed a €1.3 billion floating rate note at E+375. New issues generally traded above reoffer, though Everforth withdrew a $500 million deal on weak AI-related appetite. On ratings, Moody's cut Virgin Media O2 to B2 with a

Negative outlook, which implies forced selling by BB-only mandates. S&P cut Flutter to BB, Moody's cut Volvo to Ba2, and Modulaire was placed on review for downgrade, with S&P the third agency to move it to a negative outlook.

In earnings, Tereos issued a profit warning, cutting FY26/27 EBITDA guidance to €200-€275 million. Elior's FY27 growth guidance beat consensus but its leverage rose to 3.8x, and Evri/DHL missed on EBITDA. Allwyn, Jerrold, Versuni and Motor Fuel Group were solid. On liability management, Modulaire creditor groups have formed and a possible liability management exercise (LME) is now the focus, while Victoria terminated its refinancing. Overall, risk appetite remains tied to AI equity swings and rates, with strong flows and primary demand offsetting a weak secondary tone.



Structured credit

Kinsey Wessels,
Client Portfolio Analyst, Fixed Income

Structured products had a constructive week, with spreads stable across securitised sectors despite volatility elsewhere in the markets. Agency mortgages were resilient, finishing roughly flat on the week and the Bloomberg US Mortgage-Backed Securities (MBS) Index returning +141bps. Mortgage applications fell 2.3%, with purchases and refinances both lower as the 30-year mortgage rate rose 14bps to 7.35%. Housing data stayed weak, with the NAHB Housing Market Index falling to 25, the lowest since April 2012. Housing starts surprised to the upside, up 9.9% on multifamily strength, while preliminary building permits fell 7.4% and pending home sales slid 4.7%. Within agency MBS, 30-year mortgages outperformed 15-year mortgages on total returns as the curve bull steepened, though 15s edged ahead on excess returns. Middle coupons led as spreads tightened in the belly, while the lowest and highest coupons widened. Non-agency spreads showed further stabilisation, flat to a little tighter across subsectors. Non-agency MBS saw significant pre-Thanksgiving supply, but demand remained healthy. More than five deals priced last week, totalling about $2.7 billion, and year-to-date volume is already at a post-global financial crisis record. Roughly $40 billion more is in the pipeline through year-end.

Commercial mortgage-backed securities (CMBS) were quiet, with light secondary trading and benchmark conduit spreads mostly unchanged. One conduit deal priced last week for $600 million, with another $18 billion expected to price by year-end. In asset-backed securities (ABS), secondary volume was lighter at $4.8 billion versus the $6.6 billion year-to-date weekly average. Secondary benchmark spreads were mostly unchanged, with some volatility in esoteric subsectors such as containers and fibre. The AAA-to-below-AAA spread tightened 1bp to +99bps, below the two-year average of +115bps, while the spread between AAA-A ABS and AAA-A corporates widened 7bps to +32bps, still inside its two-year average of +38bps. Issuance was heavy, with 20 new deals totalling $14.5 billion. Year-to-date issuance is up 4.3% year-on-year.



Asian credit

Justin Ong,
Research Analyst,

The JACI Diversified posted 23bps of positive returns for the week, supported by lower rates (+73bps), which more than compensated for the wider spreads (-49.4bps). JACI IG delivered 40bps of positive returns for the week, while HY underperformed with a 74bps loss.

The October macro data for China was weak. industrial production (IP) growth decelerated to 4.8% year-on-year, marking a three-month low. fixed asset investment (FAI) dropped 2.3% month-on-month, with the contraction in infrastructure investment driven by slow fiscal spending and lending activity. The latest October print adds further downside pressure to Q4 2026 GDP

growth (Q3 2026: +4.5% year-on-year; H1 2026: +4.7% year-on-year), although full-year growth should still come in at around the lower end of China's 4.5-5.0% target range.

For Tencent, heavy AI investment and compute prepayments drove negative free cash flow (FCF) in Q3 2026: capital expenditure (capex) payments rose 225% year-on-year to CNY65.1 billion, contributing to reported FCF of negative CNY69.1 billion. FCF would have been positive CNY16.9 billion excluding compute-procurement prepayments, highlighting the significant timing impact from upfront AI-related payments. US export controls are constraining access to advanced compute: restrictions on advanced semiconductors are affecting the pace of model development and could lengthen the development cycle for future Hy4 (Hunyuan) models. However, inference workloads are less compute-intensive and can increasingly be supported by domestic chips, partly mitigating the constraint.

In the primary market, Freeport Indonesia raised USD750 million by issuing a seven-year bond (FRIDPT 6.9% '33s).



Emerging markets

Omotoke Joseph,
Product Specialist, Emerging Market Debt

Emerging market (EM) debt came under pressure over the week as the broader macro backdrop deteriorated, with sovereigns returning -0.96%, corporates -0.30% and local markets -0.98%.

Across EMEA, we saw Egypt reach a staff-level agreement with the IMF on the final review of its Extended Fund Facility, potentially unlocking around US$2.3 billion before the programme expires on 15 December. Egypt also reopened existing dollar bonds for $500 million ahead of a $2 billion Eurobond maturity in January. In monetary policy, we saw Hungary's central bank split between holding and cutting rates before ultimately remaining on hold, while South Africa's MPC voted 4-3 to hold, with three members favouring a hike.

Elsewhere, Mongolia's president, Khurelsukh Ukhnaa, announced his resignation following corruption allegations, with the 126-member State Great Khural (Parliament) subsequently approving his departure. A presidential election will follow within four months, bringing forward the electoral cycle previously scheduled for June 2027. The development comes as a Mongolian delegation is on the road marketing plans to refinance sovereign and quasi-sovereign debt, with the political uncertainty potentially complicating the country's near-term financing strategy. Spreads on Mongolian 2032 bonds widened by 25bps over the week.

Meanwhile, supply remains a central theme across EMD. EMBI net supply over the 12 months to September reached around $220 billion, up from $95 billion in 2025, with hard-currency funding covering 24% of EM government deficits versus 12%. For 2027, Saudi Arabia is expected to fund around 25% of its needs through Eurobonds and sukuk, Romania around 55% of its deficit through Eurobonds and Colombia $10 billion through Eurobond issuance, while Turkey is expected to see around $2 billion of net supply.

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