

5 October 2026

Move it

Bond markets are moving to a beat that equity markets have yet to hear. The MOVE Index has surged while the VIX remains near its lows – a divergence that has historically preceded broader risk repricing. Read on for a breakdown of fixed income news across sectors and regions.



Chart of the Week

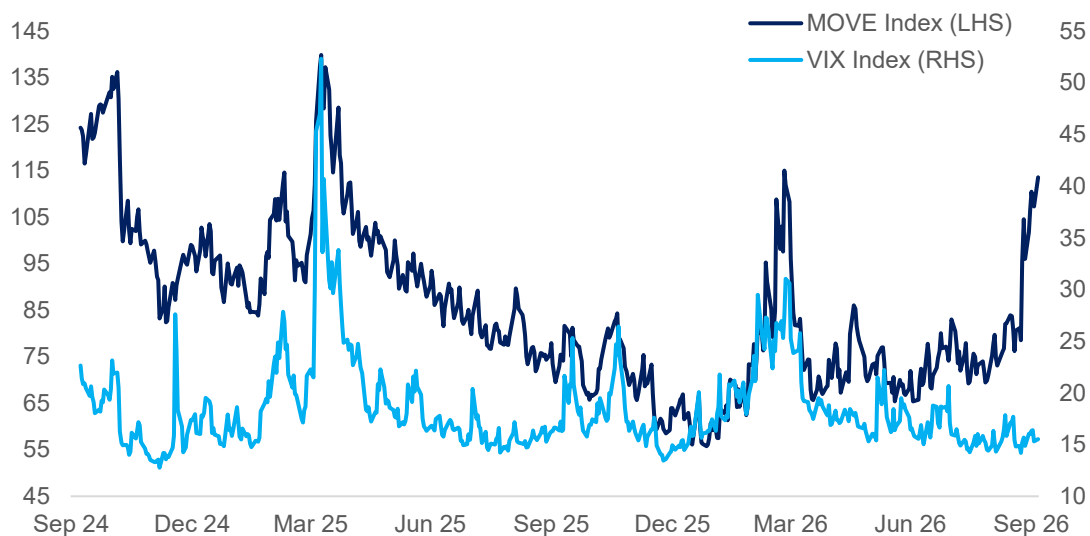
Steven Nelson,
Client Portfolio Manager, Investment Grade

Since the start of 2025, the MOVE Index and the VIX – measures of implied volatility in US Treasuries and equities, respectively – have moved in tandem through several market shocks. Both reached cycle highs after ‘Liberation Day’ in April 2025 and spiked again in March 2026 when the Strait of Hormuz closed, before falling through the summer as markets stabilised.

That correlation appears to have broken down. The VIX remains near its lows, signalling calm in equity markets, while the MOVE Index points to unease in bond markets as US rates rise and European sovereigns come under scrutiny.

The divergence is significant. When the VIX and MOVE have decoupled in this way, it has generally reflected not a discrete risk-off shock that markets can price and move beyond, but deeper uncertainty about the path of rates. The question is whether the VIX signals genuine calm or is simply the last canary yet to sing.

Rates volatility is decoupling from equity volatility (MOVE Index versus VIX)



Source: Bloomberg, October 2026

Markets dashboard

G4 rates							G10 FX					
	Ccy	Level	YDAY	MTD	YTD	12MO	FX	Level	YDAY	MTD	YTD	12MO
2 Year	EUR	3.01	0.01	-0.20	0.89	0.99	EUR	1.121	0.1	-1.1	-4.6	-4.3
	GBP	4.80	0.02	-0.08	1.07	0.84	GBP	1.324	0.3	-0.2	-1.8	-1.9
	JPY	1.92	-0.03	-0.03	0.75	0.98	JPY	157.75	0.2	-0.2	-0.7	-4.7
	USD	4.79	0.03	-0.10	1.32	1.22	CAD	1.425	-0.2	-0.1	-3.7	-2.2
5 Year	EUR	3.19	-0.02	-0.17	0.74	0.89	AUD	0.696	0.4	0.2	4.3	5.2
	GBP	4.90	0.00	-0.08	0.97	0.78	NZD	0.560	0.2	-0.6	-2.7	-4.1
	JPY	2.38	-0.04	0.00	0.83	1.15	CHF	0.829	0.3	0.8	-4.4	-4.1
	USD	5.02	0.04	-0.06	1.30	1.31	NOK	9.612	0.2	0.1	4.9	3.2
10 Year	EUR	3.43	-0.05	-0.16	0.57	0.73	SEK	10.042	0.0	-0.3	-8.3	-6.6
	GBP	5.36	-0.03	-0.06	0.88	0.67	Key references					
	JPY	3.10	-0.03	0.04	1.04	1.44	Mkt	Level	YDAY	MTD	YTD	12MO
	USD	5.25	0.03	-0.03	1.09	1.13	DXY	102.18	-0.2	0.7	3.9	4.6
30 Year	EUR	3.81	-0.08	-0.13	0.33	0.54	BRENT	100.76	-0.1	-2.7	65.6	56.1
	GBP	5.89	-0.05	-0.06	0.68	0.39	GOLD	4,168	-0.9	0.2	-3.5	5.2
	JPY	4.24	0.00	0.09	0.84	1.08	BITCOIN	86,366	-0.2	3.3	-1.5	-29.6
	USD	5.61	0.01	-0.02	0.77	0.90	SPX	7,723	0.7	0.9	12.8	15.0
Yield-spreads							FTSE	10,501	0.3	-1.0	5.7	10.6
	Mkt	Level	YDAY	MTD	YTD	12MO	VIX	16	-1	0	1	0
10 Year	US-DE	1.83	0.08	0.13	0.51	0.40	Credit spreads - OAS, bp					
	UK-DE	1.93	0.01	0.10	0.31	-0.06	Mkt	Level	YDAY	MTD	YTD	12MO
	FR-DE	1.46	0.05	0.19	0.75	0.65	Global IG	89	1	4	9	12
	IT-DE	1.19	0.05	0.16	0.49	0.38	USD IG	82	-1	2	4	9
Inflation breakevens							EUR IG	101	6	10	23	24
	Market	Level	YDAY	MTD	YTD	YTD	Global HY	321	-5	7	30	11
10 Year	France	1.95	-0.05	-0.06	0.20	0.14	USD HY	306	-12	-5	40	37
	Italy	2.04	-0.08	-0.07	0.31	0.32	EUR HY	348	9	27	67	67
	Germany	2.19	-0.04	-0.02	0.44	0.44	EMBI-GD	236	0	2	-17	-64
	UK	3.44	-0.01	-0.01	0.51	0.35						
	US	2.36	0.00	-0.01	0.12	0.03						

Source: Bloomberg/Columbia Threadneedle Investments as of 2 October 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

US Treasury yields faced further upward pressure last week amid concerns about inflation, fiscal deterioration and tighter monetary policy. The two-year yield rose around 3bps and the 30-year yield rose 13bps, extending the steepening of the US yield curve. In Germany, by contrast, two-year yields fell around 20bps as European bond investors moved out of French and other peripheral eurozone debt and into the perceived safety of German Bunds.

September's non-farm payrolls report interrupted the rise in US Treasury yields. Payrolls increased by a weaker-than-expected 29,000, while gains for the previous two months were revised down by 60,000. The unemployment rate also edged up to 4.2%. Markets immediately repriced rate-hike expectations, with swaps indicating that the probability of an October increase had fallen from 29% to 20%.

In Europe, markets doubted the French government's ability to pass a budget aimed at reducing the country's deficit to 5% through reforms and spending cuts. Political consensus on lower spending remains elusive as France approaches the 2027 presidential election. Stress was clearest in the 10-year French-German government bond spread, which reached an intraday high of 152bps on Friday – its widest level since the 2011 eurozone debt crisis – before partially

retracing. The pressure is no longer confined to France: weaker demand for French sovereign debt has also weighed on Italian and Spanish bonds, raising fears of contagion across the eurozone (see Liability driven investments).



Liability driven investments (LDI)

Jan Willemsen,
Client Portfolio Manager LDI, Continental Europe

Long-dated euro rates remained volatile over the past fortnight, although flight-to-quality demand provided some relief earlier this week as the French sovereign crisis intensified. The 30-year swap rate fell 9bps to 3.46% and the 50-year rate to 3.10%, leaving the 30s50s swap spread almost unchanged and inverted by 36bps. Despite Brent crude trading above \$100, inflation expectations have eased. Ten-year inflation swaps have moved down towards 2.2%, indicating scepticism that energy-driven price pressures will persist. Real yields have continued to rise: nominal long-end swap rates have increased by more than inflation compensation, implying a 10bps-15bps rise in real yields over the past two weeks and extending the trend seen since the start of the year.

French 30-year OAT spreads over Bunds fell 9bps to 151bps early this week, providing some relief after reaching 160bps at the end of last week. However, France's fiscal deficit remains high and political fragmentation ahead of the 2027 election limits the credibility of near-term consolidation. The France-Germany spread has exceeded its 2012 crisis level and is now comparable with levels last seen in 1991. Contagion has also affected other European sovereigns: Spanish, Italian and European Union 30-year spreads, at 79bps, 134bps and 80bps respectively, are all 10-20bps wider against Germany than a month ago. Hedge fund activity, particularly in French, Spanish and Italian debt, has amplified volatility. The European Central Bank's (ECB) Transmission Protection Instrument remains available as a firewall, but it is more likely to support peripheral markets if contagion spreads than French OATs directly, given that the programme is not intended to address self-inflicted fiscal challenges.

For LDI portfolios managed against a swap benchmark, this environment highlights the importance of proactive country-risk management and duration flexibility. A shorter-duration position relative to the benchmark reduces spread-risk exposure, while diversification across sovereign and supranational, sovereign and agency issuers remains essential, despite the impact of contagion. With the next phase of Dutch WTP transition flows expected in the coming quarter, close monitoring of the curve is also important because these structural flows could materially affect long-dated supply dynamics.



Investment grade credit

Steven Nelson,
Client Portfolio Manager, Investment Grade

Credit spreads widened sharply last week. Euro investment grade (IG) was the notable underperformer, widening 16bps to 100bps amid French sovereign contagion, weakness in European banks and the global rates sell-off. Global IG widened 7bps to 89bps, US IG 4bps to 85bps and sterling IG 6bps to 91bps. The iTraxx Main widened 3.8bps to 64.6bps and CDX IG 2.2bps to 60.3bps, with the European index underperforming its US counterpart in line with moves in cash bonds.

European primary credit issuance slowed to around €14.2 billion as government bond volatility created a stop-start market. Deutsche Telekom priced a €1.9 billion deal, upsized from €1.5 billion, while media conglomerate Bertelsmann issued €1.25 billion. In the US, Paramount Skydance's \$41 billion multi-tranche, M&A-linked deal to fund its acquisition of Warner Bros. Discovery dominated activity. It was the largest corporate bond sale by a public company, while

the \$30 billion IG tranche was itself the largest IG corporate bond deal on record. Most tranches subsequently traded wider, weighing on demand for other issues and leaving total weekly issuance at around \$33.6 billion.

Corporate credit news was broad-based. In artificial intelligence (AI), Amazon is exploring a transaction that would move around \$8 billion of Nvidia Grace Blackwell chips off its balance sheet through a special-purpose vehicle funded by external investors – its first large off-balance-sheet financing structure. Broadcom is reportedly arranging \$60 billion of AI chip financing for Anthropic and other companies. Some market participants view the structure as vendor financing, adding to concerns about leverage embedded in AI infrastructure commitments. In financials, European subordinated bank spreads widened materially as bank equities fell, although senior debt spreads were more resilient. In mining, China's State Administration for Market Regulation is pressing Anglo American to guarantee a steady copper supply as a condition for approving its \$54 billion merger with Teck Resources – the only remaining jurisdiction yet to clear the deal. In the UK, retailer Tesco is reportedly among the bidders for Majestic Wine Group, which owner Fortress has put up for sale.



US high yield credit and leveraged loans

Chris Jorel,
Client Portfolio Manager, US High Yield

Rates volatility continued to weigh on the high yield (HY) market last week. A weak start gave way to firmer levels on Friday, but spreads widened 12bps to 325bps and yields rose above 8%, leaving the ICE BofA US HY Constrained Index down 0.65% over the week. September's record gross issuance of \$52 billion included Paramount Skydance's \$12.3 billion US dollar/euro offering to help fund its acquisition of Warner Bros. Discovery, the fourth-largest transaction in HY history. Risk aversion and dispersion persisted, with BB, B, and CCC spreads widening 35bps, 44bps and 65bps, respectively, as lower-quality credit bore the brunt of the selling.

Leveraged loans also faced turbulence as broader rates volatility ended several weeks of relative calm. Spreads widened by around 10bps-12bps, while the S&P UBS Leveraged Loan Index fell \$0.33 to \$94.31. Technical conditions remain supportive: September recorded the highest net new loan supply since 2021, but demand still exceeded supply on JP Morgan's measure. Almost \$1 billion flowed into loans last week, indicating that investors continue to favour the asset class even as volatility rises elsewhere in credit.



European high yield credit

Angelina Chueh,
Client Portfolio Manager, European High Yield

September was challenging for European HY, which returned -1.85% in euro-hedged terms as spreads widened and underlying government bond yields rose. Decompression was pronounced: CCCs underperformed BBs and Bs, while distressed credit returned -3.4%. Single Bs modestly outperformed BBs. Credit spreads widened 39bps to 311bps and yields rose 60bps to almost 7%. Weekly primary issuance slowed to €3.9 billion across six issuers, but monthly issuance remained strong at €20.7 billion. This took Q3 2026 issuance to €28 billion – the second-highest Q3 total on record – and year-to-date corporate issuance to €104.5 billion. BB issuance rose to 67% of the Q3 total from 57% in Q2 2026, while B issuance fell to 33% and there was no CCC issuance. Fund flows deteriorated in the final week of September, with €411 million of outflows from exchange-traded funds (ETFs) and managed accounts. Despite September outflows of €1.1 billion, Q3 2026 recorded net inflows of €1.2 billion, taking year-to-date inflows to €3.8 billion.

In ratings news, Moody's downgraded Innomotics to B3 from B2. The move appeared to be a catch-up adjustment because the weaker-than-expected outlook has been known since early March, while recent results showed relatively positive order intake and a sequential recovery in earnings. Moody's also downgraded Rekeep to CCC from B3, citing weaker-than-expected operating performance, execution challenges and uncertainty over the timing of a recovery.

In sector news, real estate remained in focus amid further reports about the €25 billion separation of Alecta and Heimstaden, as well as concerns about the potential expropriation of property in Berlin. The latter was subsequently regarded as unlikely due to the number of preconditions required.



Structured credit

Kinsey Wessels,
Client Portfolio Analyst, Fixed Income

Structured credit was generally weaker over the week. Agency mortgage-backed securities (MBS) continued to bear the brunt of recent volatility, with current-coupon spreads widening by around 15bps over the month. The Bloomberg US MBS Index returned -79bps last week, while 15-year MBS outperformed 30-year securities as the curve bull-steepened. Mortgage applications fell 6% week-on-week as 30-year mortgage rates rose 18bps to their highest level since November; refinancing applications fell 8.7%. The Federal Housing Finance Agency House Price Index rose 0.3% month-on-month and 2.6% year-on-year, but regional performance diverged. The Mid-Atlantic region led with a 1.5% rise, reversing a 10bps decline in June, while the Mountain region fell 80bps.

Commercial mortgage-backed securities (CMBS) secondary trading was strong last week at around three times the weekly average, concentrated mainly in short-duration conduit paper. Benchmark conduit spreads widened modestly across the capital structure. New issuance remained focused on single-asset single-borrower (SASB) transactions, with six deals pricing for \$3.7 billion, taking year-to-date volume to around 20% above last year's pace. Asset-backed securities (ABS) benchmark spreads widened by 2bps-5bps. The spread between AAA and below-AAA tranches widened around 2bps to 96bps, still well inside the two-year average of 116bps, while the AAA-A ABS-to-corporate spread tightened 5bps to 27bps versus a two-year average of 39bps. This underlined ABS's relative value despite the broader widening. Ten new deals priced for \$5.2 billion, lifting year-to-date issuance by 8.8% year-on-year, with momentum expected to continue.



Asian credit

Justin Ong,
Research Analyst, Asian Fixed Income

The JACI lost 40bps over the week as spread losses of 70bps outweighed a 31bps gain from lower rates. JACI investment grade (IG) and high yield (HY) recorded weekly losses of 37bps and 58bps, respectively.

The People's Bank of China (PBoC) cut the one-year Pledged Supplementary Lending (PSL) rate by 25bps to 1.5% and added the 'Six Networks' to the list of eligible sectors. The PSL is the PBoC's collateralised facility providing low-cost funding to three policy banks – the China Development Bank, the Agricultural Development Bank of China and the Export-Import Bank of China – which may only lend the proceeds to designated sectors. The Six Networks are priorities in China's fifth Five-Year Plan for 2026-2030: water networks, new-type power grids, computing-power networks, next-generation communications, urban underground pipelines and logistics. The PSL's focus has evolved from shantytown redevelopment in 2014 to the Three Major Projects in 2023 – affordable housing, urban-village redevelopment and dual-use public infrastructure – and now the Six Networks.

In China, the PBoC, Ministry of Finance and National Financial Regulatory Administration announced a mortgage interest subsidy. Although the subsidy is below buyers' expectations, it could provide incremental support to developers focused on lower-tier cities because the caps target lower-priced homes. Eligible buyers will receive an annual subsidy of one percentage point for up to five years on new commercial mortgages, excluding refinancing, for first homes of no more than 120 square metres and CNY1.5 million. The subsidy applies to principal of up to CNY1 million and could reduce cumulative interest payments by almost CNY50,000. According to CREIS, qualifying properties accounted for 33.1% of new-home transactions and 55.2% of resale transactions across 40 major cities in the first eight months of 2026.

For New World Development (NWD), the termination of the 11 SKIES lease is positive despite a HK\$2.3 billion termination cost and HK\$14.7 billion of impairment losses. It removes a key overhang that had reportedly stalled talks with external investors. Controlling shareholder, CTFE, which owns 45.2% of NWD, enhanced the agreement by granting the Hong Kong Airport Authority an option to acquire 750 million of its existing NWD shares.

S&P upgraded GMR Hyderabad International Airport's issuer and senior secured note ratings to BBB- from BB, while revising the outlook to stable from positive. It cited an improving regulatory framework, higher tariffs in the new control period and stronger financial performance. S&P also upgraded Delhi International Airport to BB+ with a positive outlook.



Emerging markets

Omotoke Joseph,
Product Specialist, Emerging Market Debt

Emerging market debt (EMD) weakened over the week amid a deteriorating macroeconomic backdrop. EM sovereigns returned -0.78%, ending the week 10bps wider, while corporates returned -0.42% finishing 12bps wider. Local markets underperformed both asset classes, returning -0.81% over the period.

Geopolitical risks intensified over the week as US-Iran negotiations yielded little progress. Exports through the Strait of Hormuz remained below pre-conflict levels, while concerns grew over potential Iranian retaliation targeting shipping or regional energy infrastructure. Reports also suggested the US is reinforcing its military presence in the region. Elsewhere, the Russia-Ukraine conflict showed little sign of easing, with Moscow reportedly expanding both hybrid and kinetic activity.

In Brazil, right-wing candidate Flávio Bolsonaro secured the largest share of votes in the first round of the presidential election, receiving 47% versus the incumbent Lula's 45%, outperforming opinion polls. Markets reacted positively to the result, with Brazilian assets outperforming and opening 1% higher on the news.

Romania remained under pressure as another prime ministerial nominee, Siegfried Mureşan, failed to secure a parliamentary confidence vote, deepening the political impasse and raising concerns over a potential downgrade to high yield by S&P. Those fears eased on Friday after S&P affirmed Romania's BBB- rating with a negative outlook, citing progress towards 2026 fiscal consolidation despite the absence of a new government. Although bonds recovered modestly following the review, Romanian 10-year bonds still finished approximately 0.77% lower on the week.

Elsewhere, Moody's revised Angola's outlook to positive from stable while affirming its B3 rating. The agency cited an 'emerging track record of greater macroeconomic stability through periods of both high and lower oil prices', despite a larger fiscal deficit than anticipated in the first half of 2026. Market reaction was relatively muted, but the outlook revision is an encouraging signal as Angola approaches an electoral cycle in December.

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 5.10.2026, 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 天利投资管理香港有限公司. 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 Investment Management Association of Japan 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.

Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies. © 2026 Columbia Threadneedle. All rights reserved.