In Credit

17 August 2026

If I could turn back time

The US 30-year Treasury yield is at its highest since 2001. Although the level is not extreme historically, the speed of the rise is. What does it mean for investors? 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

Last week, the US 30-year Treasury auction cleared at 5.216%, the highest yield since 2001. The message is clear: the long bond bull market has shifted to a higher floor for bond investors. The 30-year Treasury yield has climbed from a post-Covid low of 1.32% in 2020 to 5.26% today – a 394bp move that has reversed part of the long decline from the 1981 peak of 15%.

Today’s level is not extreme by long-term history, but the speed of the rise is. Investors are being paid more to own duration, but the larger term premium also signals higher uncertainty around inflation, fiscal supply and geopolitics.

US 30-year Treasury yield (%) breaks higher

Source: Bloomberg, 17 August 2026

Market dashboard

G4 rates

	Ccy	Level	YDAY	MTD	YTD	12MO
2 Year	EUR	2.80	0.03	-0.02	0.68	0.83
	GBP	4.34	0.05	-0.06	0.60	0.40
	JPY	1.70	0.02	0.20	0.52	0.87
	USD	4.15	0.03	-0.14	0.67	0.40
5 Year	EUR	2.92	0.06	-0.02	0.47	0.58
	GBP	4.54	0.07	-0.05	0.61	0.45
	JPY	2.17	0.01	0.13	0.62	1.05
	USD	4.34	0.05	-0.11	0.61	0.50
10 Year	EUR	3.20	0.07	-0.01	0.34	0.41
	GBP	5.01	0.08	-0.04	0.53	0.32
	JPY	2.92	0.01	0.11	0.85	1.35
	USD	4.67	0.05	-0.07	0.50	0.35
30 Year	EUR	3.72	0.09	0.02	0.24	0.37
	GBP	5.76	0.09	-0.02	0.55	0.20
	JPY	4.08	0.00	0.09	0.68	0.98
	USD	5.24	0.05	-0.03	0.40	0.32

Yield-spreads

	Mkt	Level	YDAY	MTD	YTD	12MO
10 Year	US-DE	1.47	-0.02	-0.06	0.16	-0.06
	UK-DE	1.82	0.01	-0.03	0.19	-0.09
	FR-DE	0.83	-0.02	0.03	0.12	0.15
	IT-DE	0.77	-0.01	-0.05	0.07	-0.03

Inflation breakevens

	Market	Level	YDAY	MTD	YTD	YTD
10 Year	France	1.87	0.03	0.08	0.12	-0.04
	Italy	2.11	0.04	0.07	0.39	0.41
	Germany	2.06	0.03	0.03	0.32	0.31
	UK	3.28	0.03	0.05	0.35	0.28
	US	2.28	0.02	0.00	0.04	-0.10

G10 FX

FX	Level	YDAY	MTD	YTD	12MO
EUR	1.161	0.4	0.7	-1.2	-0.4
GBP	1.357	0.4	0.6	0.7	0.5
JPY	158.87	0.1	-0.9	-1.4	-6.9
CAD	1.385	0.4	1.2	-0.9	-0.4
AUD	0.712	0.4	1.5	6.7	9.7
NZD	0.592	0.7	0.7	2.8	0.0
CHF	0.808	0.1	-0.1	-1.9	-0.1
NOK	9.412	0.7	0.7	7.2	8.4
SEK	9.483	0.4	0.5	-2.9	0.9

Key references

Mkt	Level	YDAY	MTD	YTD	12MO
DXY	99.33	-0.3	-0.6	1.0	1.5
BRENT	88.46	1.7	-1.8	45.4	34.3
GOLD	4,410	0.6	9.0	2.1	32.3
BITCOIN	63,489	-0.8	0.9	-27.6	-46.1
SPX	7,786	-0.2	4.0	13.7	20.7
FTSE	10,783	-0.2	-0.8	8.6	18.0
VIX	15	0	-1	0	0

Credit spreads - OAS, bp

Mkt	Level	YDAY	MTD	YTD	12MO
Global IG	80	0	0	0	1
USD IG	79	1	1	1	4
EUR IG	77	0	-2	-1	-2
Global HY	277	-1	-10	-14	-28
USD HY	266	0	-13	0	-15
EUR HY	279	-4	-8	-2	-1
EMBI-GD	236	-1	-9	-18	-53

Source: Bloomberg/Columbia Threadneedle Investments as of 14 August 2026. QTD refers to the period from 30 June 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 fixed income markets steepened last week, with front-end yields better supported than longer maturities. In the US, the two-year Treasury yield fell 7bps between the market open on 10 August and the close on 14 August, while the 30-year yield rose 1bp. The UK gilt market underperformed, with the two-year yield up 1bp and the 30-year yield up 6bps. The move reflected stronger demand for front-end duration, alongside weaker appetite for long-dated bonds given elevated supply, fiscal concerns and rising term premia.

In the US, front-end yields were pulled lower by softer inflation data. July headline CPI rose just 0.1% month-on-month, helped by lower energy prices, while July PPI was flat and also surprised to the downside. In response, markets reduced the implied probability of a September US Federal Reserve (Fed) rate hike from around 52% to roughly 30%.

Further out on the curve the 30-year US Treasury auction cleared at 5.216%, the highest yield since October 2001 (see Chart of the Week). Demand was solid, with a bid-to-cover ratio of 2.39x, but the yield level reinforced concerns around US fiscal pressures and rising debt-servicing costs.

In the UK and Europe, higher long-end yields reflected upward pressure on energy prices amid limited progress towards resolving the Gulf conflict. Gilts also faced domestic headwinds from uncertainty around how the Labour administration under new Prime Minister, Andy Burnham, will fund its spending plans, as well as the expected impact of the Ofgem energy price cap rise. This is likely to push headline inflation towards 2.9% year-on-year when July CPI is released this week.

Positioning There were no significant changes in Global Rates mandates last week.

Liability driven investments (LDI)

Arthur Stroij,
Client Portfolio Manager LDI, Continental Europe

European long-dated rates have risen over the past fortnight, driven by surging energy prices following renewed US-Iran tensions. The 30-year EUR swap yield climbed from 3.27% to 3.35%, while the 10-year swap rate rose from 3.14% to 3.23%. The curve bear-steepened across the belly and long end, with the 2s10s spread widening from 20.4bps to 23.8bps and the 10s30s from 10bps to 12.2bps, while the inverted 30s50s remained stable at approximately -27bps.

The rates market is being driven largely by energy prices and their impact on European Central Bank (ECB) policy expectations. Oil prices surged from around $79 to $89 a barrel over the past two weeks. Markets are pricing 41bps of ECB tightening by year-end versus 32bps for the Fed, a gap that widened after July's soft US CPI print, which came in at 3.4% year-on-year with core at 2.5%.

European sovereign spreads have widened over the past two weeks, with France emerging as the underperformer. The 10-year OAT-Bund spread rose from approximately 78bps at the start of the period to 83bps, with French 10-year yields reaching 4.025%, the highest since 2009, and 30-year yields hitting 4.82%.

Inflation data reinforced concerns about persistence in the euro area. The July HICP flash rose to 2.9% year-on-year from 2.8% in June, while core inflation increased to 2.5% from 2.4%, slightly above expectations. Energy inflation surged to 10% year-on-year, driven by the rapid pass-through of higher oil prices and the unwinding of government fuel subsidies. The ECB held rates unchanged at its 23 July meeting, but a 25bps hike to 2.5% at the 10 September meeting is now the consensus expectation. Headline HICP is projected to peak at 3.4% in the second half of 2026.

Investment grade credit

Steven Nelson,
Client Portfolio Manager, Investment Grade

Global investment grade (IG) credit was broadly stable last week, with spreads widening 1bp to 79bps, though regional performance diverged. US IG widened 2bps to 80bps as softer domestic data weighed on risk sentiment, while European IG tightened 2bps to 74bps and sterling credit was 1bp firmer at 79bps. Index moves broadly echoed cash markets, with iTraxx Main ending 0.2bps tighter at 51.3bps and CDX IG closing at 50.8bps.

The main driver was weaker US retail sales, which fell 0.6% month-on-month in July versus expectations for a 0.1% gain, marking the sharpest decline since May 2025. The print reinforced concerns over US growth, pressuring credit spreads but supporting Treasuries, where the 10-year yield fell to 4.69%. Euro and sterling strength against the dollar also provided a modest technical tailwind to European and UK credit.

Primary issuance remained active. US IG supply reached $56 billion, leaving August just $257 million short of the monthly record set in 2020. M&A financing was a key feature, including Martin Marietta's $5.5 billion deal and ICE's $3.75 billion transaction, while technology supply continued as AMD completed its largest-ever bond sale at $4.75 billion. Alphabet was also reported to be considering a debut A$5 billion Kangaroo issue.

In contrast, European supply remained subdued, with €5.8 billion issued over the past fortnight, the slowest two-week period of the year. Activity should improve as ABN Amro and NatWest help reopen the market this week.

Corporate news was supportive, led by financials and regulated utilities. Australian banks CBA, ANZ, Westpac and NAB reported solid results, though management commentary became more cautious amid signs of a slowing housing market. In the UK, Aviva beat first-half profit expectations. Separately, Ofwat provisionally approved £3.4 billion of additional infrastructure spending across 13 water utilities, which is credit-positive for revenue visibility, although longer-term ownership uncertainty remains.

US high yield credit and leveraged loans

Chris Jorel,
Client Portfolio Manager, US High Yield

High yield (HY) traded the week with a constructive tone, with the ICE BofA US HY CP Constrained Index returning 0.14% as yields fell to roughly 7.07%, down approximately 30bps since month-end. Spreads ended the week near recent tights at 279bps. The market was well supported by strong corporate earnings, continued fund inflows and a substantial wave of coupons, calls, tenders and maturities returning cash to investors. With two-thirds of HY earnings reported, 3.5 times as many companies have beaten EBITDA expectations (39%) as missed (11%), underscoring the broadly healthy fundamental backdrop. New issuance accelerated from July's slower pace, with 11 deals pricing for almost $22 billion, though strong investor demand absorbed the supply. According to Lipper, US HY bond retail funds reported an inflow of $167 million last week, the third positive inflow in the past four weeks.

In leveraged loans, the average price of the S&P UBS Leveraged Loan Index finished the week up $0.10 at $94.54, with software and cable/satellite driving outperformance. New issue activity was quiet early in the week as the summer lull set in, but by the end of the week 17 new loans had priced for nearly $15 billion alongside 12 US collateralised loan obligations totalling $5 billion. Demand remained strong, with weekly fund flows of $987 million, the largest weekly inflow in seven months.

European high yield credit

Angelina Chueh,
Client Portfolio Manager, European High Yield

European HY markets maintained a constructive tone through the week, returning 0.10%, with spreads tightening 8bps to 270bps. Higher-quality credits led performance, while CCCs lagged. Earnings were generally supportive, although trading remained summer-thin. Flows were modestly positive, led mainly by managed funds, with €99 million of inflows. The broader technical backdrop remained firm despite Brent approaching $90 a barrel on renewed Middle East tensions. Primary market activity was quiet, but expectations for September issuance remain robust, with a pipeline of as much as $33 billion in leveraged buyout announcements.

Earnings news was active across sectors and generally positive, including updates from Entain, Birkenstock, Synthomer and Stada, though TUI, Evoke and Jaguar Land Rover reported weaker-than-expected quarterly results.

In M&A news, Ardagh Holdings announced it had retained Evercore and Kirkland & Ellis to prepare for a potential sale of Ardagh Metal Packaging. TDR Capital was reported to be exploring a sale of Arrow Global.

In ratings news, Moody's upgraded Teva to Baa3, returning it to investment grade, from Ba1 with a stable outlook.

In issuer-specific news, Antolin was a key focus. The company paused its Chapter 15 proceedings while the bondholder steering group paused UK litigation, with a two-week standstill agreed to facilitate direct, good-faith discussions aimed at a consensual balance-sheet solution. The market interpreted this as positive, with both sides recognising that continued litigation was unlikely to serve their interests. This brings the process back towards the team’s original base case of a consensual restructuring.

Medical Properties Trust was a notable liability management exercise discussion. The company completed a new $2.4 billion secured private placement at approximately 9.25% to address near-term maturities, with selected holders of longer-dated unsecured bonds allowed to exchange into the new secured instrument. This could create a more challenging position for remaining unsecured creditors, with loss-absorbing capacity for secured holders reduced.

Aston Martin bondholders sent a "letter before action" to the board threatening legal proceedings to unwind the £550 million HPS drop-down financing and block the disposal of certain IP and branding rights, escalating the ongoing dispute.

Structured credit

Kinsey Wessels,
Client Portfolio Analyst, Fixed Income

Structured products markets remained broadly stable this week, with spreads across most sectors holding firm.

Agency mortgage-backed securities (MBS) performance was tepid last week, as expected given the bear-steepening environment, with the Bloomberg US MBS Index returning -13bps. Fifteen-year mortgages outperformed 30-year mortgages, though both were essentially flat. Higher coupons outperformed lower coupons, as bear steepening continued to drive spread widening in lower coupons.

The housing market backdrop remains weak, with the NAHB Housing Market Index sitting at 35, still well below the 50 threshold that indicates positive builder sentiment, although it was up slightly from the prior reading. July prepayment speed data came in slower than expected despite an additional business day, with seasonal factors offsetting the day-count tailwind. Non-agency MBS remained resilient, with non-qualified mortgage spreads flat at approximately 130bps and non-agency issuance running approximately 40% ahead of last year's record pace year-to-date.

Commercial mortgage-backed securities (CMBS) spreads across the capital stack were unchanged for the fifth consecutive week, supported by record bond inflows, portfolio rebalancing and increased lender competition in commercial real estate. CMBS saw at least 10 new issues price last week, notably dominated by conduits rather than the single-asset, single-borrower structures that have dominated recently, for a combined total of approximately $7 billion. In asset-backed securities (ABS), secondary benchmark spreads were also broadly unchanged, with the AAA-to-below-AAA basis tightening 1bp to 111bps, still below the two-year average of 118bps.

Asian credit

Justin Ong,
Research Analyst, Asian Fixed Income

The JACI generated 25bps of positive return, driven by rates, which contributed 15bps, and spread tightening, which added 9bps. JACI HY delivered 34bps and IG posted 23bps.

Lenovo posted strong results for Q1 FY27, the quarter ended June 2026, with revenue of $26.9 billion, up 43% year-on-year, and EBITDA of $2.7 billion, up 136% year-on-year. Operating profit was distorted by a $1.69 billion non-cash warrant revaluation loss relating to Alat/PIF warrants. All three segments were strong: IDG maintained a 24.2% PC market share; ISG operating profit was $777 million, up 285% quarter-on-quarter, with triple-digit AI server growth; and total debt/EBITDA improved to 0.8x, with a net cash position.

Genting Singapore reported soft Q2 revenue of SG$596 million, up 1.2% year-on-year and down 2% quarter-on-quarter, while the EBITDA trend was more positive at SG$211 million, up 12% year-on-year and 18% quarter-on-quarter. The non-gaming business continues to be hampered by the ramp-up of new facilities. Genting Singapore plans to spend SG$5 billion between 2026 and 2030 on its RWS 2.0 expansion programme, including new luxury hotels, waterfront lifestyle expansion and renovation of existing hotels.

PTT Global Chemical delivered robust Q2 results, helped by Middle East disruption to global petrochemical production, which led to higher product spreads. Its core upstream businesses, olefins and aromatics, posted stronger-than-expected results, while its traditionally cyclical businesses, including intermediates, polymers and performance chemicals, also performed well.

Tencent is stepping up investment in AI, with Q2 capex of CNY52.8 billion, up 65% quarter-on-quarter and 176% year-on-year. This lifted first-half capex to CNY84 billion, up 82% year-on-year, as the company increased investment in AI infrastructure to support Hunyuan model enhancements, WorkBuddy and CodeBuddy inference needs, Weixin AI initiatives and other projects. The run rate for Tencent's FY26 capex has increased to CNY200 billion, a sharp rise from CNY79 billion in FY25.

Emerging markets

Omotoke Joseph,
Product Specialist, Emerging Market Debt

Emerging market (EM) bonds were broadly flat over the week as the summer lull kept market activity subdued. Local markets were also flat, while EM corporates posted a modest gain of 0.18%.

In Romania, attention centred on President Nicușor Dan's efforts to break the impasse over public-sector wage reform, a key requirement for unlocking €771 million of EU recovery funding. Talks between coalition parties failed to produce an agreement, with differences over the fiscal cost of the proposal and union demands remaining unresolved. Investors continue to focus on whether a compromise can be reached before the 31 August deadline.

In Colombia, the government responded to the devastating earthquakes by preparing to declare an economic emergency, giving President de la Espriella temporary emergency powers to accelerate relief and reconstruction efforts. Officials have indicated that rebuilding costs will be financed through spending reductions and additional borrowing, including a World Bank loan of up to $450 million alongside expected multilateral support. Colombian sovereign bonds were little changed.

Nigeria announced measures aimed at strengthening domestic capital markets and encouraging investment. The Central Bank of Nigeria expanded access to Open Market

Operations, reinstated term repo operations and removed discount-window restrictions for FX market and government bond auction participants. President Tinubu also approved a rules-based fiscal framework for deep offshore oil and gas projects designed to revive delayed developments and unlock up to $50 billion of investment. Markets were unchanged on the news.

In ratings news, S&P upgraded Ecuador to B from B- with a stable outlook, reflecting improvements in fiscal and debt management.

Coming up Investor focus will shift towards Brazil as the presidential election campaign officially commenced over the weekend, with Luiz Inácio Lula da Silva and Flávio Bolsonaro the forerunners.