Corporate Credit Monthly Update

June 2026

Europe

In the Eurozone, economic activity remained relatively resilient despite the unstable geopolitical backdrop, although leading indicators continued to point to a loss of momentum in the recovery. The composite PMI fell to 47.3 in May, signalling a moderate contraction in activity. Having remained exceptionally tight for several quarters, labour market conditions are now showing signs of normalisation, with indicators gradually returning towards levels last seen in 2022. On the inflation front, headline CPI rose to 3.2% year-on-year, largely reflecting energy-related base effects, while underlying inflation continued to moderate. This trend reinforces the view of a very gradual disinflation process and provides the ECB with greater visibility to adjust its monetary policy pragmatically, as reflected in its June rate increase.

European fixed income markets outperformed their global peers despite a volatile environment. Intermediate-maturity Bund yields (7–10 years) declined by 10 basis points to 2.86%, supported by lower oil prices during the month and renewed optimism regarding a potential de-escalation between the United States and Iran. The global bond sell-off observed in mid-May, driven by concerns over a persistently inflationary environment, did not prevent European corporate credit from delivering strong relative performance. Both High Yield and Investment Grade segments significantly outperformed their US and emerging market counterparts, ending the month up 1.05% and 0.97%, respectively. The decline in European sovereign yields provided additional support to these returns. At month-end, the yield on the European corporate bond market stood at 5.62%.

United States

In the United States, economic activity continued to expand, with consumer spending remaining resilient despite the persistent geopolitical uncertainties. Labour market conditions also remained supportive. Job creation increased for a second consecutive month, the first such occurrence in a year, while the unemployment rate held steady at a moderate 4.3%. Inflation, however, accelerated to 4.2% in May, highlighting the challenges still facing the Federal Reserve in bringing inflation back towards its 2% target. Higher energy prices, supply chain disruptions, tariffs and ongoing geopolitical tensions all contributed to a more complex inflationary backdrop. As a result, expectations for near-term monetary easing declined markedly. Oil prices fell sharply in May (-16.9%), following the significant volatility seen in April, and amid continued negotiations aimed at ending the conflict in the Middle East. Meanwhile, the US dollar appreciated by 0.9% against its basket of major currencies. The first-quarter earnings season is now largely complete and has delivered aggregate earnings growth of 28.7%, compared with expectations of 12.9% at the start of the year, marking the strongest pace of growth since 2021. Earnings beats remained well above their five- and ten-year historical averages. This positive momentum gradually broadened beyond the largest technology companies, extending to industrials, financials and selected consumer-related sectors.

US fixed income markets delivered broadly positive returns in May despite a volatile environment characterised by a pronounced sell-off in mid-month, followed by a recovery towards month-end. Treasury yields nevertheless moved higher across the curve as investors remained cautious regarding the strength of economic growth, persistent inflationary pressures linked to energy prices and uncertainty surrounding the leadership transition at the Federal Reserve. The 7–10-year Treasury yield segment rose by 6 basis points to end the month at 4.37%. Market conditions remained supportive for corporate credit, underpinned by solid issuer fundamentals and continued risk appetite despite rate volatility. Credit spreads tightened alongside the rebound in equity markets. High Yield benefited from strong investor demand but underperformed Investment Grade, with returns of 0.49% and 0.73%, respectively. At month-end, the yield-to-maturity on the US corporate bond market stood at 6.96%.

Emerging

Across emerging markets, the Iranian conflict remained a key focus in May, with no clear diplomatic resolution in sight at the time, prior to the agreements reached in June. Peace negotiations made only limited progress during the month, while the Strait of Hormuz remained closed. Pressure on global trade and energy supply chains persisted, and elevated crude oil prices continued to fuel inflationary pressures worldwide. The implications for emerging economies remained mixed. Commodity-exporting countries benefited from a more supportive backdrop, whereas net energy importers continued to face a deterioration in their terms of trade. More broadly, the conflict in the Middle East was not expected to materially hinder global growth unless oil prices were to rise significantly further. Inflation rebounded on the back of higher energy prices, although pass-through effects to other components of the economy remained contained. Major central banks kept policy rates unchanged, but several continued to adopt a hawkish stance in response to inflation risks.

Against this backdrop, emerging market corporate credit continued to perform well. Both High Yield (+0.65%) and Investment Grade (+0.39%) delivered positive returns during May. Credit spreads tightened, particularly within the High Yield segment, once again reflecting investors' continued appetite for risk assets despite the challenging geopolitical environment. At month-end, the yield on the emerging market bond universe stood at 7.62%.

Edited: 10/06/2026

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Companies in the Spotlight

Schaeffler (EU)

Schaeffler, the German automotive supplier, completed a significant transaction in early May 2026. The company issued EUR 1bn in bonds, split between EUR 500m at 4.125% due 2029 and EUR 500m at 5.00% due 2033, for general corporate purposes. Later in May, it executed an EUR 800m tender offer on its existing HoldCo securities, specifically the 8.75%/9.50% bonds due May 2028, at a price of 102.188. This transaction represents a refinancing of its capital structure, migrating from more expensive HoldCo debt to lower-cost senior unsecured bonds, which constitutes a positive development for the company's financial profile.

Celanese (US)

Celanese, a global chemical and specialty materials company headquartered in the US, delivered upbeat 1Q26 results, benefiting from supply-disruption tailwinds in acetyls which only began to build in the last weeks of the first quarter. Consolidated revenue of USD 2.34bn rose 6% sequentially, with an operating EBITDA margin of 19.5%. While net leverage on trailing EBITDA remains too high for a BB name, management's guidance of a free cash flow of between USD 700m and USD 800m should lead to improved metrics by the end of this year, especially if supply chain disruptions continue to build during the second quarter of the year.

Telekom Srbija (EM)

Telekom Srbija (TS), a leading Serbian telecom operator, issued approximately EUR 2bn of new senior unsecured notes, split into three tranches, for refinancing purposes. In 2025, TS's revenues grew by 29%, reaching EUR 2.3bn, while EBITDA almost doubled to EUR 1.3bn (a 55.7% margin). Both metrics were driven by a mix of M&A, price increases, and a better product mix. The new deal was marketed on a net leverage of 3.72x. On the back of this transaction, Fitch upgraded the credit rating of the instruments by one notch, to BB-.

Central Bank Activity

	Current Rate	Previous Rate	Last Change	Next Decision
BCE	2.25%	2.00%	June 2026	23/07/2026
BoE	3.75%	4.00%	Dec. 2025	18/06/2026
BNS	0.00%	0.25%	June 2025	18/06/2026
FED	3.50-3.75%	3.75-4.00%	Dec. 2025	17/06/2026
BoJ	0.75%	0.50%	Dec. 2025	16/06/2026

Significative Primary Issues

Europe

Issuer	*Yield*	*Maturity*	*Amount*	*Rating*
AMS Osram	7.34%	2032	€1.00Bn	B
Lutech	8.125%	2031	€435M	B

United States

Issuer	*Yield*	*Maturity*	*Amount*	*Rating*
Kennedy-Wilson	7.00%	2031	$1.10Bn	B
Medline Borrower	5.01%	2031	$1.25Bn	BBB-

Emerging

Issuer	*Yield*	*Maturity*	*Amount*	*Rating*
Maxima Grupe	4.75%	2031	€350M	BB+
Telekom Srbija	7.25%	2031	$1.35Bn	BB-

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Macro-Economic Events

Europe

Zone Euro : the Economic Sentiment Indicator edged higher to 93.5 in May. While remaining close to April's reading of 93.2, its lowest level in more than five years, it nevertheless exceeded market expectations of 92.8. Overall confidence remained subdued, reflecting growing concerns regarding the economic outlook. At the sector level, sentiment improved modestly among services providers and consumers, but deteriorated further in manufacturing, retail trade and construction.

ECB: Isabel Schnabel, a member of the ECB's Executive Board, was among the leading advocates of a June interest rate increase, arguing that persistently elevated energy prices could feed through to the broader economy. Eurozone inflation reached 3.2%, well above the ECB's 2% target. Ms Schnabel also stated that even a peace agreement with Iran would not necessarily remove the need for policy action, as damage to energy infrastructure and disruptions to supply chains had already taken place.

Germany: the seasonally adjusted unemployment rate declined to 6.3% in May, slightly above market expectations, after reaching its highest level in almost six years (6.4%) in April. However, unemployment is expected to rise further in the coming months, as companies delay workforce adjustments in response to ongoing geopolitical shocks.

US & EM

United States: as expected, annual inflation rose to 4.2% in May, its highest level since April 2023, compared with 3.8% in the previous month. This marked the third consecutive monthly acceleration in inflation, driven by a 23.5% increase in energy costs following the energy shock associated with the conflict with Iran. Meanwhile, annual core inflation reached 2.9%, its highest level since September 2025, up from 2.8% in April.

China: the official manufacturing PMI edged lower to 50.0 in May from 50.3 in the previous month, in line with market expectations. Chinese manufacturers continued to face headwinds stemming from weak domestic demand and rising input costs linked to the conflict in the Middle East. Output growth slowed to its weakest pace in three months, while new orders declined after having expanded over the previous two months. Export orders also fell, reversing the modest gains recorded in recent months.

South Africa: the South African Reserve Bank raised its policy rate by 25 basis points, as expected, bringing it to 7.0% at the end of May. This marked its first rate increase since 2023. The Monetary Policy Committee noted that inflation risks had increased as a result of the Middle East crisis and warned that concurrent shocks could trigger second-round effects, warranting a monetary policy response to contain risks and return inflation towards target. South African inflation rose from 3.1% in March to 4.0% in April and now sits in the upper half of the central bank's target range.

Market Data Indices

Indices (end of May)	Performance			
High Yield	**MTD**	**YTD**	**Duration**	**Yield**
Corporates High Yield Europe	1.05%	1.26%	3.19	5.62%
Corporates High Yield United States	0.49%	1.66%	3.00	6.96%
Corporates High Yield Europe Excluding Financials	0.98%	1.24%	3.08	5.46%
Corporates High Yield United States Excluding Financials	0.53%	1.86%	3.03	6.66%
High Yield Emerging Markets	0.65%	3.60%	3.85	7.62%
Investment Grade				
Corporates Investment Grade Europe	0.97%	0.91%	4.55	3.58%
Corporates Investment Grade United States	0.73%	0.76%	6.65	5.13%
Investment Grade Emerging Countries	0.39%	0.50%	5.84	5.06%
Governments				
7-10 Year German Bond	1.05%	0.66%		2.86%
7-10 Year US Bond	-0.02%	-0.31%		4.37%

Inflation (end of May)					
Realized inflation	May	April	March	6M	12M
Realized inflation in Europe (rolling 12-month)	3.20%	3.00%	2.60%	2.10%	1.90%
Realized inflation in the United States (rolling 12-month)		3.80%	3.30%	2.70%	2.40%

Month-to-date = MTD
Year-to-date = YTD

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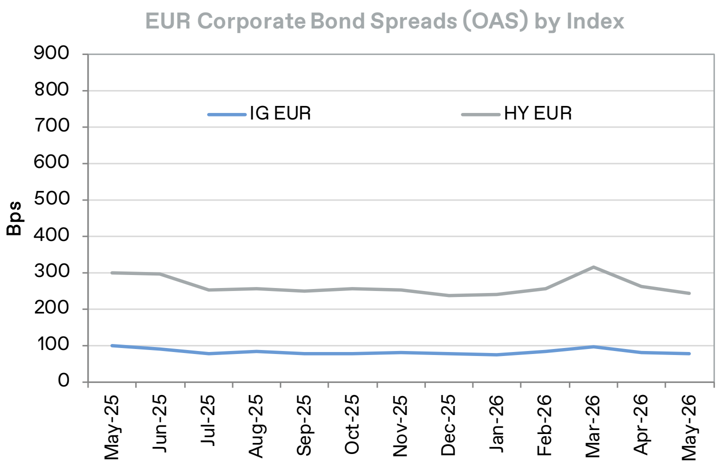

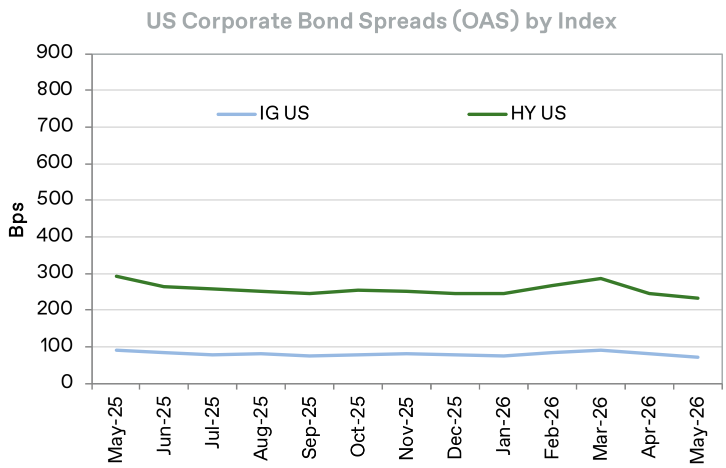

Corporate Bond Spreads

	May	April	March	12 months
Europe				
Corporates Investment Grade Europe	78	81	96	99
Corporates High Yield Europe	266	281	333	322
Corporates High Yield Europe Excluding Financials	243	261	315	300
Corporate Bonds rated A Europe	70	73	87	88
Corporate Bonds rated BBB Europe	91	94	109	114
Corporate Bonds rated BB Europe	169	181	216	218
Corporate Bonds rated B Europe	350	375	457	362
United States				
Corporates Investment Grade United States	73	80	89	90
Corporates High Yield United States	263	275	322	322
Corporates High Yield United States Excluding Financials	233	246	287	293
Corporate Bonds rated A United States	61	67	75	75
Corporate Bonds rated BBB United States	91	100	112	113
Corporate Bonds rated BB United States	156	167	202	195
Corporate Bonds rated B United States	287	303	354	326
Emerging Countries				
Investment Grade Emerging Countries	80	84	105	105
High Yield Emerging Countries	340	351	417	411
Corporate Bonds rated A Emerging Countries	64	67	86	82
Corporate Bonds rated BBB Emerging Countries	107	109	135	142
Corporate Bonds rated BB Emerging Countries	221	224	274	272
Corporate Bonds rated B Emerging Countries	350	373	456	463

Source: Anaxis AM

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Anaxis specialises in corporate credit for investors who firmly believe in fundamental investing based on in-depth knowledge of issuers. For more than 15 years, Anaxis has focused on corporate credit strategies and has developed comprehensive expertise and methods renowned for their reliability by its clients.

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