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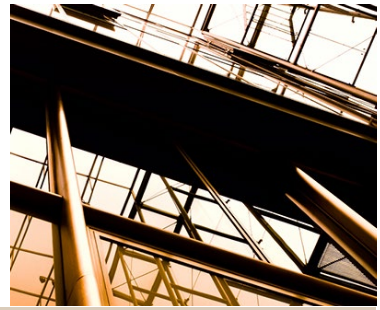
Investment Institute

Chart of the Week



Weekly analysis of key themes in markets | **March 3, 2026**

Is record credit issuance a cause for investor concern?

Source: Bloomberg. Data as of February 23, 2026. 10-year average and 10-year low based on February 24, 2016 – February 23, 2026 data. IG = investment grade.

Investment-grade (IG) credit spreads have risen but still remain close to 10-year lows

2026 is likely to be a record year for corporate credit issuance, fueling investor concerns about excess supply, significant artificial-intelligence- (AI-) related debt issuance, and potentially higher risk premiums in credit markets. Despite subsequent market volatility, robust demand for corporate debt has been more than meeting the increasing supply, helping to keep credit spreads stable.

The chart above puts recent credit-spread increases in perspective, showing that they are up only modestly off 10-year lows and well below the 10-year average. With spreads coming off very low levels, we do not see these increases as signs of meaningful stress — especially as the sharpest increases have occurred in a minority of technology companies with significant AI exposure — and continue to believe investors should benefit from moderate credit exposure.

What it may mean for investors

Favorable supply and demand dynamics and our positive outlook on credit risks drive our belief that IG Corporate Securities remain attractive. Even if credit risks do not fall further, we see the current environment as relatively low risk and think investors can benefit from the additional income offered by bonds with moderate credit exposure. We are favorable on IG Corporate Securities as a result and see pullbacks on headline risks as likely representing an opportunity.

Tony Miano, CFA, CAIA; *Investment Strategy Analyst*

Excerpted from Investment Strategy report (March 2)

Risk Considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Bonds** are subject to market, interest rate, price, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. **High yield (junk) bonds** have lower credit ratings and are subject to greater risk of default and greater principal risk.

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