Capital Markets Strategy
Essential inCights for the C-Suite

Chart of the Day

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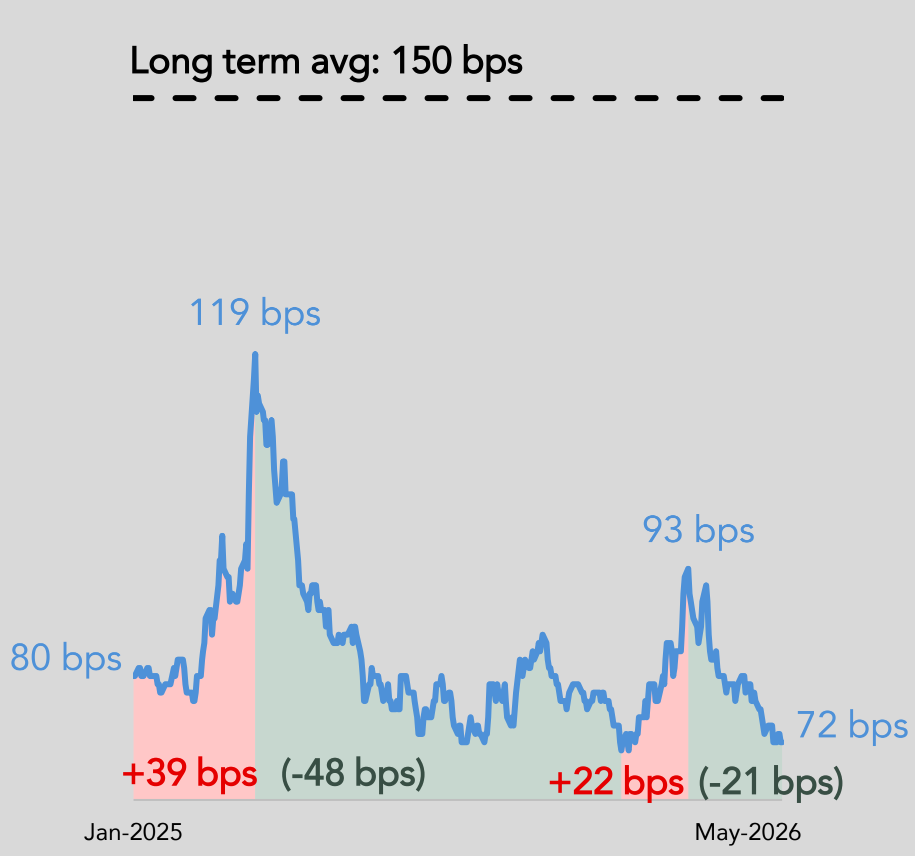
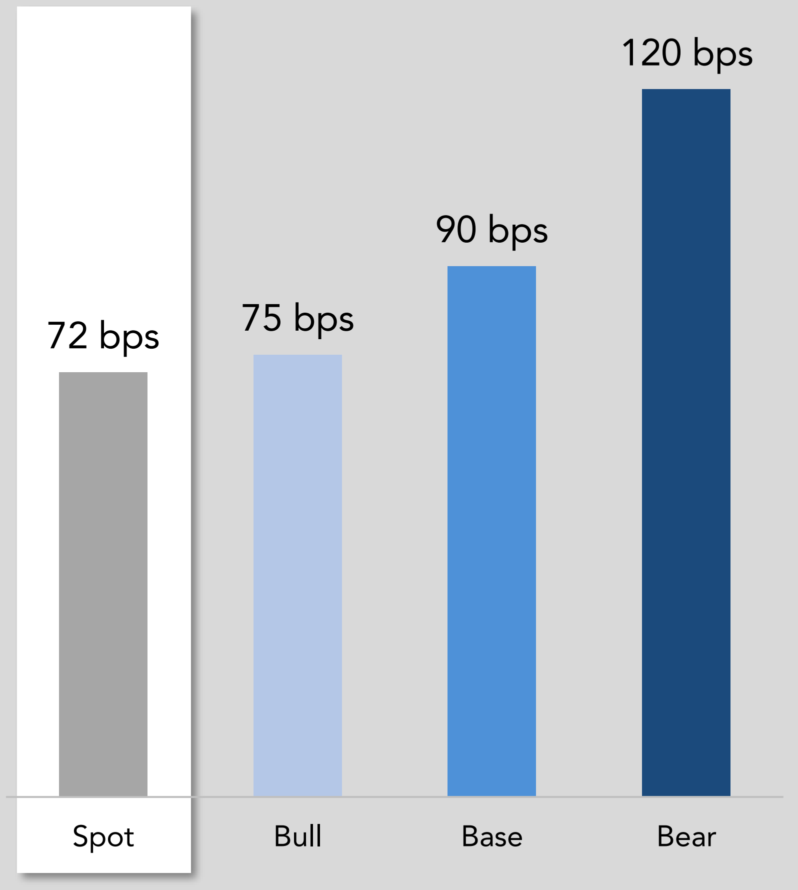
While many of us have been busy looking at the ebb and flow of oil prices during the US-Iran war, USD investment grade and high yield credit spreads have returned to multi-decade tights, currently trading inside even bull-case forecast scenarios for 2026. Key drivers of the rapid tightening have included: (1) solid corporate fundamentals; (2) abundant liquidity and capital inflows; (3) a broad risk-on move driven by the ceasefire and resilient macro data; and (4) strong technical demand from yield-seeking investors drawn by the combination of higher rates and resilient growth.

USD investment grade credit spreads since Jan 1, 2025

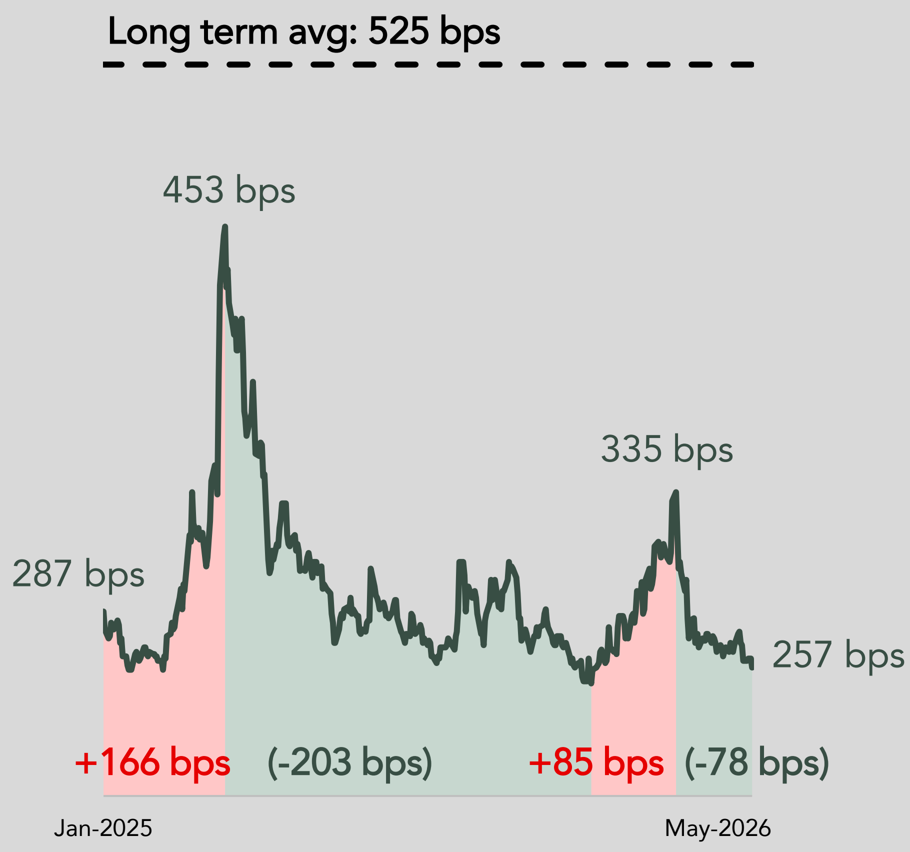


2026 USD investment grade credit spreads forecasts

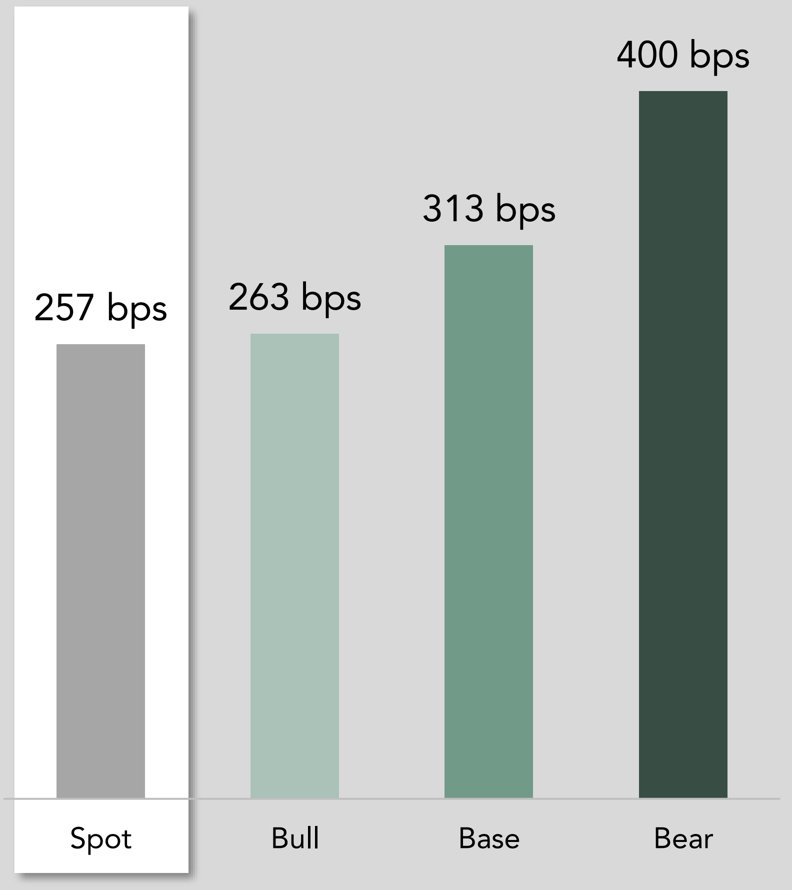


Source: (1-2) Bloomberg. Data as of May 29, 2026. 2026 estimates are MUFG.

USD high yield credit spreads since Jan 1, 2025



2026 USD high yield credit spreads forecasts



Source: (1-2) Bloomberg. Data as of May 29, 2026. 2026 estimates are MUFG.

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"Macro stability isn't everything, but without it, you have nothing."