Opima
CAPITAL MANAGEMENT

Fixed Income Monitor

Rates, credit, and what I am watching

October 2026

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Market Summary

Yields, spreads and where each stands against daily observations since January 2000; October month-end (30 October 2026 close) against the 30 September 2026 month-end

Treasuries and inflation

Yields, %	30 Oct	30 Sep	1-mo chg	12-mo chg	Dur., years	Range since January 2000 (daily): low, high; dot = 30 Oct 2026	Percentile
3-month Treasury	4.16	4.20	-4	+27	0.25	-0.05 — 6.42	78th
2-year Treasury	4.56	4.88	-32	+96	1.89	0.09 — 6.93	86th
5-year Treasury	4.71	5.09	-38	+100	4.41	0.19 — 6.83	90th
10-year Treasury	4.94	5.29	-35	+83	7.82	0.52 — 6.79	90th
30-year Treasury	5.31	5.64	-33	+64	14.92	0.99 — 6.75	89th
10-year real (TIPS)	2.60	2.93	-33	+79	8.76	-1.19 — 3.02	98th
5-year real (TIPS)	2.25	2.73	-48	+94	4.70	-1.91 — 2.88	94th
10-year breakeven	2.34	2.36	-2	+4		0.50 — 3.02	70th
5-year breakeven	2.46	2.36	+10	+6		0.14 — 3.59	83rd
2s10s slope (bp)	38	41	-3	-13		-108 — 291	31st
3m10y slope (bp)	78	109	-31	+56		-189 — 385	35th
5s30s slope (bp)	60	55	+5	-36		-61 — 302	30th

Credit: spread over Treasuries of comparable maturity (option-adjusted), bp

Spreads, bp	30 Oct	30 Sep	1-mo chg	12-mo chg	Base rate, %	All-in yield, %	TEY, 40.8%	Dur., years	Range since Jan 2000 (daily); dot = 30 Oct	Percentile
Investment grade (C0A0)	**94**	84	**+10**	**+14**	**4.87**	**5.81**		**6.2**	73 — 401	19th
AAA (C0A1)	49	41	+8	+14	5.09	5.58		10.3	27 — 235	14th
A-rated corp (C0A3)	78	72	+6	+12	4.86	5.64		6.2	59 — 331	20th
BBB (C0A4)	116	103	+13	+14	4.87	6.03		6.0	92 — 488	13th
High yield (H0A0)	**344**	312	**+32**	**+50**	**4.86**	**8.30**		**3.2**	241 — 1,120	22nd
BB (H0A1)	209	194	+15	+30	4.91	7.00		3.3	150 — 837	15th
B (H0A2)	360	316	+44	+53	4.85	8.45		3.0	236 — 1,189	25th
CCC and lower (H0A3)	1,327	1,179	+148	+462	4.55	17.82		2.5	414 — 2,578	81st
Municipal (U0A0)	**30**	18	**+12**	**+8**	**3.92**	**4.22**	**7.12**	**7.5**	-14 — 83	73rd
AAA muni (U0A1)	10	3	+7	+3	3.94	4.04	6.82	7.9	-31 — 253	86th
AA muni (U0A2)	18	7	+11	+7	3.92	4.10	6.93	7.4	-33 — 248	79th
A-rated muni (U0A3)	57	42	+15	+14	3.87	4.44	7.50	7.3	-6 — 223	75th
High yield muni (U0HY)	**161**	139	**+22**	**+12**	**4.12**	**5.73**	**9.67**	**7.5**	72 — 869	33rd
Agency MBS (M0A0)	**25**	30	**-5**	**-2**	**5.23**	**5.48**		**5.8**	-40 — 136	21st
CMBS	**124**	116	**+8**	**+3**	**4.66**	**5.90**		**3.3**	61 — 495	50th
ABS (R0A0)	**91**	80	**+11**	**-4**	**4.56**	**5.47**		**2.1**	51 — 580	50th

Yields in percent; spreads and slopes in basis points (bp). TIPS = Treasury Inflation-Protected Securities; breakeven = nominal minus TIPS yield; MBS = mortgage-backed securities; CMBS = commercial MBS. Ranges and percentiles: daily, 3 Jan 2000 to 30 Oct 2026 (6,748 days for the ICE series; 6,722 H.15 days for Treasury yields; TIPS and breakevens from 2 Jan 2003), low red, high green, dot = 30 Oct 2026; percentile = share below that reading, ties counted as half; dates on page 10. Within 2007 to 2009, days more than two standard deviations from the full-period mean are excluded: spread rows 149 to 277 of 6,748 days (high yield muni none), TIPS 9 and 26, breakevens 126 and 139, nominal Treasury yields and slopes none; by series on the Methods page. 1-mo chg = 30 Oct less 30 Sep; 12-mo chg = 30 Oct 2026 less 31 Oct 2025. Base rate = yield to worst less spread (implied Treasury of comparable maturity); all-in yield = base rate plus spread; TEY = taxable-equivalent yield at 40.8% (municipal rows). Indented rows are ratings within the asset class above. Duration: Treasuries by par-bond modified duration at the 30 Oct yield; indices ICE effective duration.

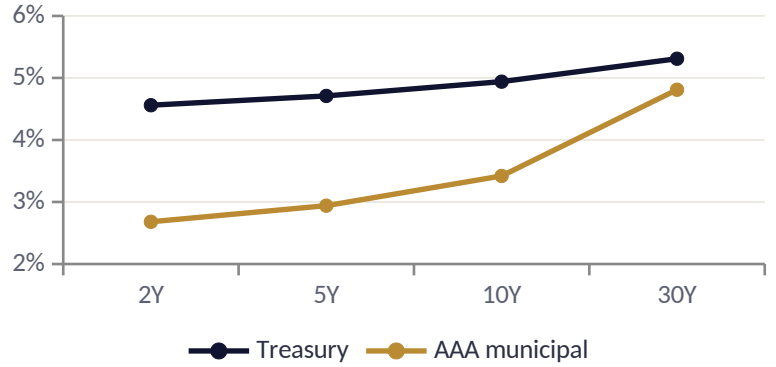
Provenance: FactSet: Federal Reserve H.15 constant maturity Treasury and TIPS yields; ICE BofA option-adjusted spread, yield to worst and effective duration; ICE AAA municipal curve. Daily, as of the 30 Oct 2026 close for the October month-end; 30 Sep 2026 is the September month-end. Ranges and percentiles use daily observations from 3 Jan 2000 to 30 Oct 2026, with the 2007 to 2009 two-standard-deviation trim (Methods page). bp = basis point.

Municipal curve, 30 Oct 2026

Tenor	AAA muni	Treasury	Ratio	TEY, 40.8%
2-year	2.68%	4.56%	59%	4.53%
5-year	2.94%	4.71%	62%	4.97%
10-year	3.42%	4.94%	69%	5.78%
30-year	4.81%	5.31%	91%	8.12%

TEY = taxable-equivalent yield at a 40.8% tax rate.

Treasury and AAA municipal yield curves, 2 to 30 years



TERMS IN PLAIN WORDS

Spread: the extra yield over a Treasury of comparable maturity, in basis points; the price of credit risk.

Basis point: one hundredth of 1%.

Yield to worst: the lowest yield you can earn if the issuer repays as early as allowed.

Duration: price change for a 1% change in yield; 6 means about a 6% move.

Percentile: share of daily observations since January 2000 below today, ties counted as half (2007 to 2009 extremes trimmed; Methods page).

All-in yield: the base rate plus the spread.

ABS (asset-backed securities): bonds backed by consumer loans such as credit cards and autos.

Overweight: hold more than normal and add.

Neutral: keep what you have; do not add.

Underweight: hold less or none; reduce.

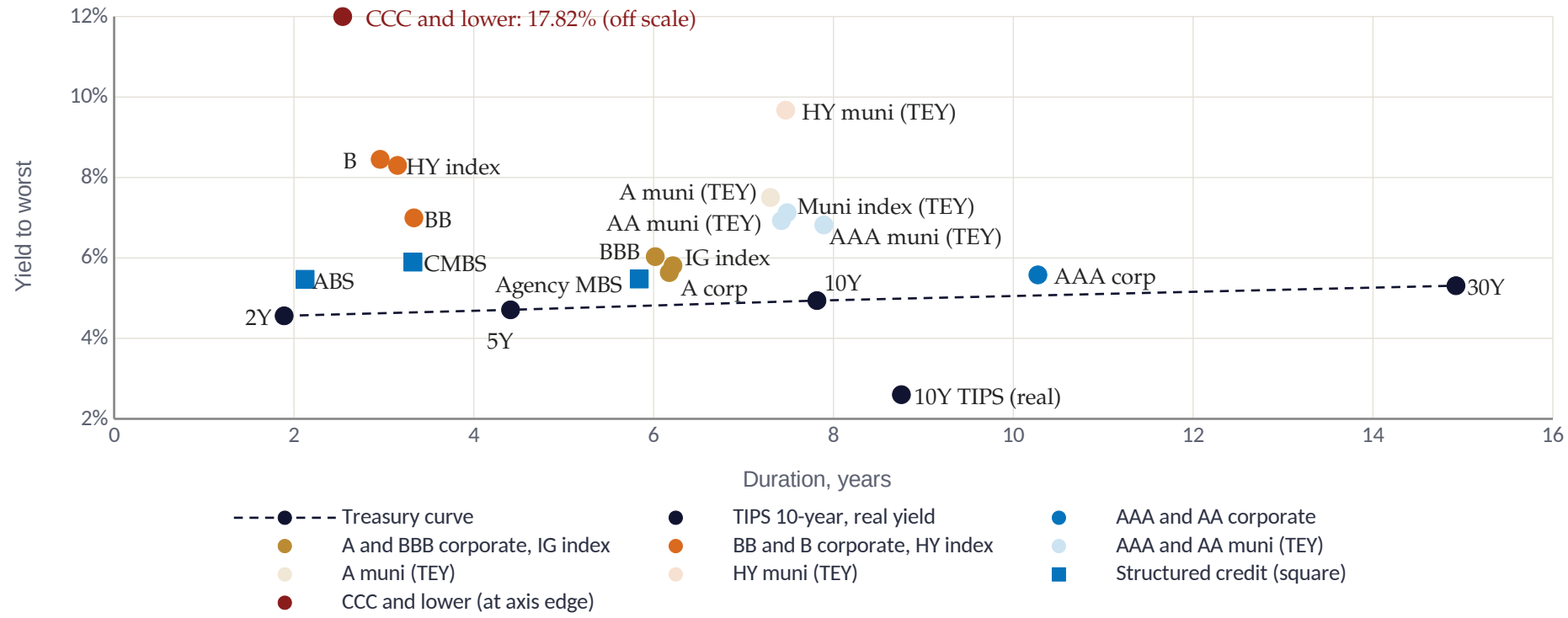
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Yield vs Duration

What each sector pays for the rate risk it carries; municipals at taxable-equivalent yield for the 40.8% bracket, 30 October 2026

Yield to worst against duration, 30 October 2026



Hollow = municipal, shown at taxable-equivalent yield (40.8%).

Read vertically: points well above the Treasury line are paid for credit risk; points near it are not. Municipal points are shown at taxable-equivalent yield for an investor at the 37% bracket plus the 3.8% net investment income tax (40.8%); at that bracket the A-rated municipal (7.5%) out-earns every investment grade corporate point of similar duration; only the high yield index (8.3%) and the high yield municipal pay more. Other brackets are on the municipal pages.

Pre-tax yield to worst, duration in years, and taxable-equivalent yield at each marginal rate (27.8%, 35.8%, 40.8%)

Index	Pre-tax	Dur.	27.8 %	35.8 %	40.8 %
AAA muni	4.04	7.9	5.59	6.29	**6.82**
AA muni	4.10	7.4	5.68	6.39	**6.93**
A muni	4.44	7.3	6.15	6.92	**7.50**
Muni index	4.22	7.5	5.84	6.57	**7.12**
HY muni	5.73	7.5	7.93	8.92	**9.67**

Provenance: FactSet (H.15 constant maturity yields; ICE BofA index yield to worst and effective duration), 30 Oct 2026, the October month-end basis. Treasury duration is the modified duration of a par bond with semiannual coupons, D = [1 - (1 + y/2)^(-2n)] / y, with y the 30 Oct 2026 yield and n the years to maturity; the 3-month bill is 0.25; the 10-year TIPS uses its real yield (2.60%). Taxable-equivalent yield = yield to worst / (1 - 0.408). CCC and lower (17.82%) is plotted at the top edge.

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Monthly Summary

Treasuries and CCC credits are repricing. Most other credits have not.

MY VIEW THIS MONTH

Where markets stand. October gave back part of September. The 10-year Treasury yield, 5.29% at the end of September, closed at 5.31% on 5 October, its highest close since May 2002, then fell to finish the month at 4.94% (30 October close), its lowest close of the month and 35 basis points lower. Real yields did the moving; inflation expectations held near 2.35%. The 10-year closed above 5% on 15 of October's 21 trading days, and the October month-end is still higher than any month-end from mid-2007 until this September. The safest long-maturity asset still pays a real return of 2.6%.

What has and has not changed. Investment grade corporate bonds pay 94 basis points over Treasuries of comparable maturity while high yield pays 344 basis points over, both still in the bottom quarter of daily history since 2000 (19th and 22nd percentiles). But the direction turned in October: high yield spreads finished the month at 344 basis points, 32 basis points wider than September. Most notably, the weakest borrowers widened most. CCC-rated bonds widened 148 basis points in the month to 1,327 over comparable Treasuries, wider than on 81% of days since 2000. The market has started to charge for the risk at the bottom while still charging little in the middle. I expect the middle to follow.

Where the strain shows. Securitized commercial real estate loans (CMBS) are 8% delinquent, 12% for offices, and $875 billion of property loans mature in 2026. Loans to the weakest companies are concentrated in the 2027 and 2028 maturities. Mortgage delinquencies are rising from low levels, and the personal saving rate has fallen to 3.8%. None of this is a crisis; all of it may be the early part of a cycle, and October's widening at the bottom of the credit market is what that early part tends to look like.

What I am advising. Overweight short Treasuries (under three years) and inflation-protected Treasuries. For taxable accounts at the 24% bracket and above, municipal bonds are the vehicle for whatever maturity you hold: after tax, A-rated municipal bonds out-yield A-rated corporates by 0.4 to 1.1 points (24% to 37% brackets). It is too early to extend into long municipals. I am neutral on government-backed mortgage bonds and on direct lending, where I advise holding but not adding. I advise being underweight investment grade corporate bonds, which pay the least for their risk, and underweight high yield, where I expect spreads to widen further. Too early for CLOs: the top tranches should hold, but if high yield widens the financing behind CLOs gets more expensive and the entry point improves, so I am waiting. Commercial mortgage securities only in distressed situations, case by case, with no standing allocation. The full table is on the Where I Stand page.

The six measures in brief (October month-end, 30 Oct 2026 close, against the 30 Sep 2026 month-end). The next page shows each against its own history.

10-year Treasury	Investment grade	High yield	CCC and lower	Muni vs Treasury, 10-yr AAA	CMBS spread
4.94%	94 bp	344 bp	1,327 bp	69%	124 bp
30 Sep: 5.29%	30 Sep: 84 bp	30 Sep: 312 bp	30 Sep: 1,179 bp	30 Sep: 77%	30 Sep: 116 bp

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Six Charts I Am Watching

Each measure against its own daily history since January 2000

10-YEAR TREASURY

4.94% 30 Oct 2026

−35 bp since 30 Sep (5.29%)

Current: 90th percentile

Real yield 2.60%, breakeven inflation 2.34%



Low 0.52% 4 Aug 2020 — **High 6.79%** 20 Jan 2000 — Avg 3.36%

INVESTMENT GRADE

94 bp 30 Oct 2026

+10 bp since 30 Sep (84 bp)

Current: 19th percentile

94 bp over 4.87% Treasury = 5.81%



Low 73 bp 22 Jan 2026 — **High 401 bp** 23 Mar 2020 — Avg 138 bp

HIGH YIELD

344 bp 30 Oct 2026

+32 bp since 30 Sep (312 bp)

Current: 22nd percentile

344 bp over 4.86% Treasury = 8.30%



Low 241 bp 1 Jun 2007 — **High 1,120 bp** 10 Oct 2002 — Avg 496 bp

CCC AND LOWER

1,327 bp 30 Oct 2026

+148 bp since 30 Sep (1,179 bp)

Current: 81st percentile

1,327 bp over 4.55% Treasury = 17.82%



Low 414 bp 5 Jun 2007 — **High 2,578 bp** 24 Apr 2001 — Avg 1,067 bp

MUNICIPAL VS TREASURY, 10-YEAR AAA

69% 30 Oct 2026

−7.4 points since 30 Sep (77%)

Current: 63rd percentile since Oct 2023 (754 daily observations)

3.42% AAA over 4.94% Treasury = 69%; 5.78% taxable-equivalent at 40.8%



Low 56.6% 5 Jan 2024 — **High 85.5%** 9 Apr 2025 — Avg 67.9%

CMBS SPREAD

124 bp 30 Oct 2026

+8 bp since 30 Sep (116 bp)

Current: 50th percentile

124 bp over 4.66% Treasury = 5.90%



Low 61 bp 10 Feb 2005 — **High 495 bp** 2 Oct 2008 — Avg 148 bp

How to read the boxes. Every figure is the 30 Oct 2026 close, my October month-end reading; the change is against the 30 Sep 2026 month-end. Each bar runs from the lowest daily value since January 2000 (Low) to the highest (High), with the exact date of each; the tall tick is the current value, colored **green** when buyers are well paid for the risk, **red** when they are paid little, **amber** for CCC (wide for a reason; I am not advising CCC) and **navy** in the middle of history. For the municipal ratio, above its average is green and below is red. The short tick is the average (Avg).

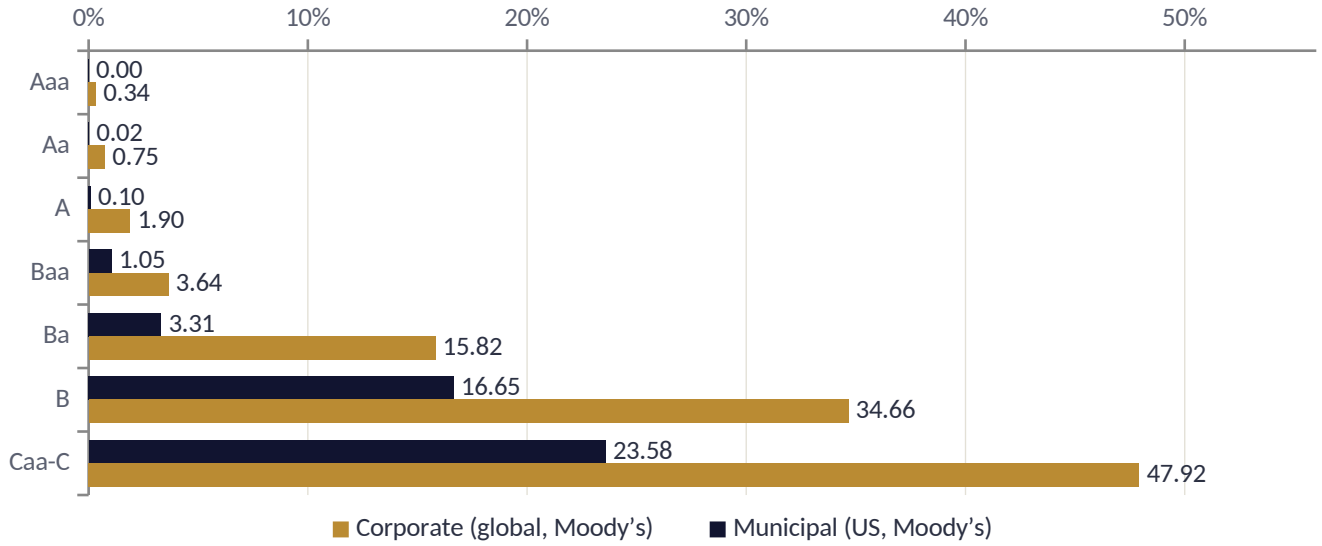
__Range bars:__ daily observations, 3 Jan 2000 to 30 Oct 2026 (6,748 trading days for the four spreads; 6,722 H.15 days for the Treasury yield); percentile = share of those observations below the 30 Oct reading, ties counted as half. The municipal box is the 10-year AAA municipal yield (ICE) as a share of the 10-year Treasury yield, daily since 23 Oct 2023 (754 observations), the start of the daily AAA curve series. Spread boxes show the option-adjusted spread over the implied Treasury (yield to worst less spread) and the all-in yield. __CMBS delinquency__ (8.0% of CMBS loans, 12.2% for office; Trepp, September 2026) is shown on the structured credit and consumer pages rather than as a box, because a comparable daily history does not exist. Avg = arithmetic mean of the daily observations. Daily observations since 3 Jan 2000; within 2007 to 2009, days more than two standard deviations from the full-period mean are excluded (0 of 6,722 days for the 10-year Treasury; 216 of 6,748 days for investment grade; 187 of 6,748 days for high yield; 149 of 6,748 days for CCC; 277 of 6,747 days for CMBS; the municipal ratio series starts after that window).

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A Primer: How Often Bonds Actually Default

Cumulative 10-year default rates by credit rating, and why an A-rated municipal is not an A-rated corporate

Municipal versus corporate, same letter grade



A-rated: municipal 0.10%, corporate 1.90%. Over ten years an A-rated corporate bond has been about nineteen times as likely to default as an A-rated municipal bond. Recoveries also differ: municipal investors recovered about 67% of par on average (issuer-weighted) against 47% for senior unsecured corporate bonds.

Default statistics are the reason I treat ratings as a starting point and not a verdict: the same letter has meant very different things across markets and eras.

Corporate bonds, one-year default rates by rating, 2024

AAA	AA	A	BBB	BB	B	CCC/C
0.00%	0.00%	0.00%	0.05%	0.17%	1.72%	**28.36%**

The step from B to CCC is the one that matters: roughly one in four CCC-rated companies defaulted within a year.

Structured credit

- **CLOs.** Of 7,506 AAA tranches of U.S. CLOs rated through 2025, none defaulted; lower tranches: AA 1 of 5,071, A 5 of 4,552, BBB 9 of 4,706, BB 38 of 3,327 (S&P).
- **Agency mortgage bonds** Ginnie Mae bonds carry a federal guarantee of timely payment; Fannie Mae and Freddie Mac bonds carry the agencies' guarantee, backed by their federal conservatorship.
- **The counterexample:** 84% of pre-2009 non-agency residential mortgage AAA tranches were downgraded by 2012 (S&P via Advisor Perspectives).

A AAA rating on a CLO and a AAA rating on a 2006 mortgage bond were not the same thing. Structure and collateral matter more than the letter.

Loans, Private Credit and Treasuries

- **Leveraged loans:** first-lien loans have recovered about 73% of par on average after default (S&P), against 47% for senior unsecured corporate bonds (Moody's, above).
- **Direct lending:** on a same-measure comparison, annual credit losses from 2005 to 2022 were 1.03% for direct lending (net realized losses as a share of average assets), 0.92% for leveraged loans and 1.49% for high yield bonds (default rate times one minus recovery). Direct lending has not lost less than leveraged loans; it has lost slightly more, while charging a higher yield for illiquidity. Last ten years, 2013 to 2022: 0.90%, 0.81% and 1.47%.
- **US Treasuries:** no missed payment in the modern era other than a 1979 processing delay (Congressional Research Service).

Moody's municipal history is dominated by investment grade issuers, and the lowest municipal rating buckets rest on few issuers (hospitals, housing, Puerto Rico), so the speculative grade comparison is less reliable than the investment grade one. The corporate figures are Moody's global corporate rates. Moody's, US Municipal Bond Defaults and Recoveries, 1970 to 2022, ten-year cumulative.

Provenance: Moody's Investors Service, US Municipal Bond Defaults and Recoveries, 1970 to 2022 (19 Jul 2023), ten-year cumulative municipal and global corporate rates and recoveries; S&P Global Ratings, 2024 Annual Global Corporate Default and Rating Transition Study (27 Mar 2025), Table 3, one-year 2024 rates; S&P Global Ratings, 2025 Annual Global Leveraged Loan CLO Default and Rating Transition Study (16 Jun 2026), Table 2, U.S. CLO 1.0 and 2.0 tranches through 2025; S&P Global Ratings, U.S. Recovery Study: Loan Recoveries Persist Below Their Trend (December 2023), long-term first-lien loan average, as cited by Sterling Capital (March 2025); S&P via Jurow, Advisor Perspectives, 2015; Ginnie Mae MBS Guide, Chapter 1; Cliffwater LLC, 2023 Q2 Report on U.S. Direct Lending, Exhibit 6 (direct lending, leveraged loan and high yield loss comparison, 2005 to 2022). Full sources in the speaker notes.

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Private Credit: What I Can and Cannot See

A $1.5 trillion lending market with quarterly marks and no price history

US BUSINESS LOANS	INTEREST COVERAGE	CCC-EQUIVALENT	BDC NON-ACCRUALS	KBRA DEFAULT RATE	REDEMPTION CAP
$1.5T	2.2x	about 15%	1.9% / 3.7%	3.3%	5%
End-2025, Financial Accounts	New loans, 2025; syndicated 3.7x	Of borrowers; loan market 9%	Reported / adjusted, Q2 2026	By count, Q2 2026, a series record	Of net asset value per quarter

Size and growth. Private credit vehicles held more than $2.6 trillion of assets and about $1.5 trillion of loans to US businesses at the end of 2025 (Federal Reserve, Financial Accounts, Finance and Economics Discussion Series (FEDS) Note, 16 Oct 2026); business development companies (BDCs) alone held $456bn. Bank commitments to non-bank financial firms reached $2.6 trillion, with exposure to private equity, BDCs and private credit up 17% in a year (Financial Stability Report, May 2026). The banks did not leave leveraged lending; they moved one step back from it.

Credit quality. New private credit loans in 2025 carried average interest coverage of 2.2 times against 3.7 times for syndicated loans, and Federal Reserve staff estimate about 15% of private credit borrowers are CCC-equivalent against 9% in the loan market (FEDS Note, 11 Aug 2026). The Kroll Bond Rating Agency (KBRA) puts middle-market median coverage at 1.6 times and the default rate at a record 3.3% by count; BDC non-accruals were 1.9% of cost in Q2 2026, or 3.7% adjusted for restructured loans. Payment-in-kind income, interest paid in more debt rather than cash, is about 7% of their income. S&P Global Ratings expects the default rate on its private credit estimates, about 3.3% over the past four quarters, to rise to 4.75% by September 2027 (6% in its pessimistic case). On a same-measure comparison, annual credit losses from 2005 to 2022 were 1.03% for direct lending, 0.92% for leveraged loans and 1.49% for high yield bonds: direct lending has not lost less than leveraged loans; it has lost slightly more, while charging a higher yield for illiquidity.

Liquidity. In Q1 2026 redemption requests at perpetual non-traded BDCs exceeded inflows for the first time, and most funds cap redemptions at 5% of net asset value per quarter; Q2 requests were about $8.6bn. These are the income funds sold to wealth clients. The gate works as designed, but an investor who wants out in a stress faces a limit: at 5% a quarter, a full exit takes about five years, at the fund's own marks.

Valuation. Marks are quarterly and model-based, and an SEC staff statement of 28 Sep 2026 stresses disclosure of non-accruals and payment-in-kind.

MY VIEW

My advice on private credit is Neutral: keep existing allocations, do not add. The yield premium over syndicated loans has narrowed to roughly 100 to 200 basis points while interest coverage is thinner, the share of CCC-equivalent borrowers is higher, defaults are at series highs and exits are gated at 5% a quarter. The case for the asset class is real: covenants and direct workouts. Higher recoveries have not translated into lower annual losses: direct lending lost 1.03% a year against 0.92% for leveraged loans from 2005 to 2022, so the extra yield is paid for illiquidity, not for a safer book. It is a case for choosing managers carefully, not for adding to the category in the current vintage. From these levels, I would prefer moving to an overweight once a credit dislocation has set in.

Provenance: Federal Reserve FEDS Notes (11 Aug 2026; 16 Oct 2026); Financial Stability Report May 2026; Federal Reserve Bank of New York; KBRA; Octus; Proskauer; SEC staff statement, 28 Sep 2026; S&P Global Ratings, U.S. Credit Estimate Default Forecast To Rise To 4.75% By September 2027 (26 Oct 2026); Cliffwater LLC, 2023 Q2 Report on U.S. Direct Lending, Exhibit 6 (annual credit loss 2005 to 2022).

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Treasuries: The Repricing Is in the Price

Real yields did the work; inflation expectations did not move

SEPTEMBER AND OCTOBER

September was a big month and October gave part of it back. The 10-year yield rose from 4.75% to 5.29% in September, the largest one-month rise since September 2022, then traded a 37 basis point range in October: up to 5.31% on 5 October, its highest close since May 2002, and down to 4.94% at the 30 October close, the low of the month and 35 basis points below the September month-end.

Almost all of the September move and most of the October reversal came from the real yield, which rose to 2.93% at the end of September and fell to 2.60% by 30 October; expected inflation held near 2.35% throughout. Put simply, investors demanded more to lend to the government in September and some of that demand has been met by buyers stepping in at 5%.

The Federal Reserve raised its target range to 3.75% to 4.00% in September and held it there on 28 October; the 3-month bill pays 4.16% and the curve from 3 months to 10 years is upward sloping.

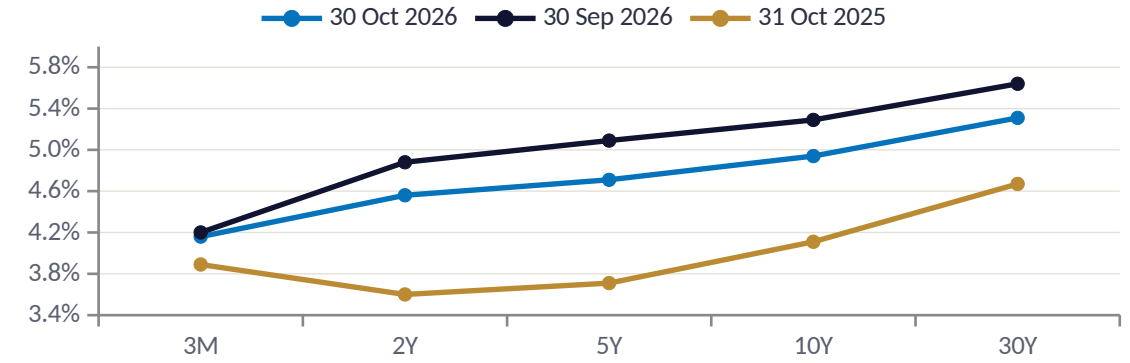
Short maturities did what they are supposed to do in October: the 2-year yield fell 32 basis points and the 30-year 33, and the 2-year's price moved only about six-tenths of a point.

CASE AGAINST

If September was the start of a bigger move rather than the end of one, even short bonds will lose a little before they earn their yield. A 10-year above 5.75% with inflation expectations still steady would tell me that is happening.

EXHIBIT 1

Treasury curve, three dates



CONSTANT-MATURITY YIELDS

Yield, %	30 Oct 2026	30 Sep 2026	Duration, years
3-month	4.16	4.20	0.25
2-year	4.56	4.88	1.89
5-year	4.71	5.09	4.41
10-year	4.94	5.29	7.82
30-year	5.31	5.64	14.92
10-year real (TIPS)	2.60	2.93	8.76
10-year breakeven	2.34	2.36	

Duration: price change for a 1% change in yield, per the Terms page; par-bond modified duration at the 30 Oct yield. TIPS = Treasury Inflation-Protected Securities. Breakeven = nominal minus TIPS yield; breakeven is a difference of yields; no duration.

Provenance: FactSet Macroeconomics, Federal Reserve H.15 constant maturity series (FRBRIFLGFCM03, FRBRIFLGFCY02, Y05, Y10, Y30; FRBRIFLGFCIIY10), daily, percent, H.15 trading calendar. October month-end = 30 Oct 2026 close; September month-end = 30 Sep 2026. Fed target range: FactSet, Fed funds target upper bound, 16 Sep and 28 Oct 2026.

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Corporate Credit: Paid Less, for More Risk

Spreads in the bottom quarter of history since 2000, near a 5% Treasury yield

WHERE SPREADS STAND

When you buy a corporate bond instead of a Treasury, the extra yield is your payment for the risk that the company cannot pay you back. Today that payment is in the bottom quarter of its history since 2000: investment grade corporate bonds pay 94 bp over a 4.87% Treasury of comparable maturity = 5.81% yield, BBB-rated bonds (the lowest investment grade rung and the largest) pay 116 bp over a 4.87% Treasury = 6.03% yield, and high yield bonds pay 344 bp over a 4.86% Treasury = 8.30% yield. Before this autumn, the only stretch since 2000 when high yield spreads were at or below 320 bp while the 10-year yielded 4.9% or more was 76 trading days in 2006 and 2007, the year before the credit crisis (daily history). That does not mean a crisis follows. It means the market pays less for the risk than on three of every four days since 2000.

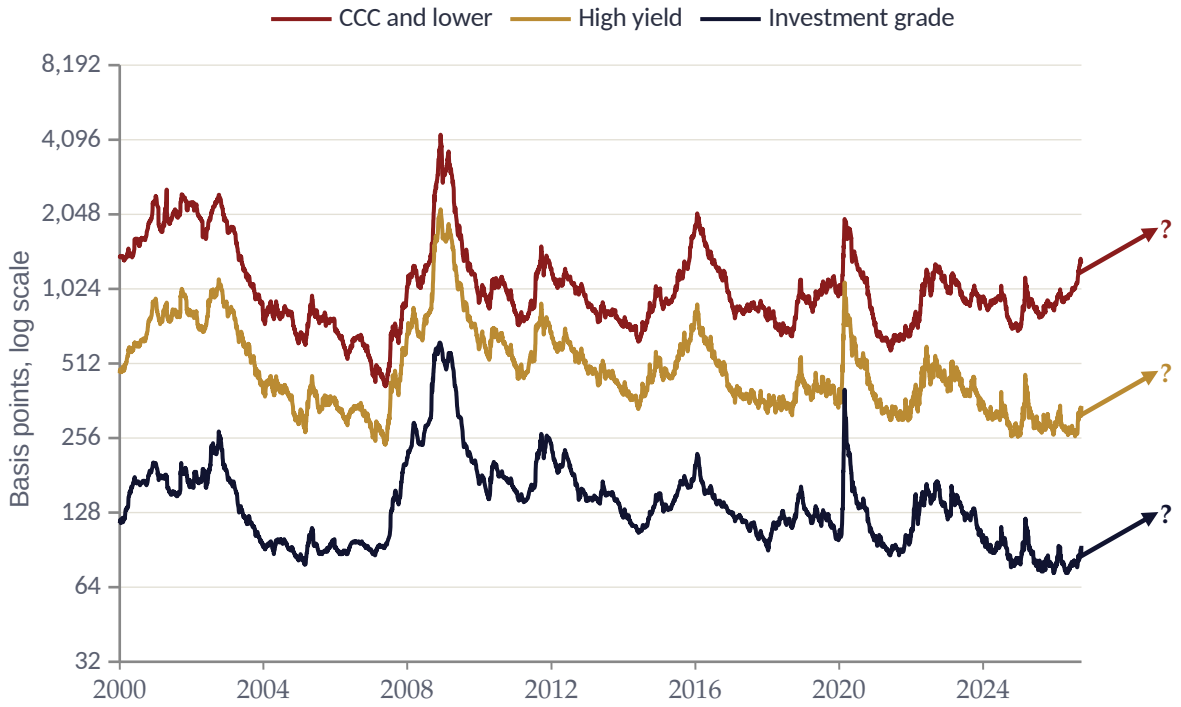
The second thing I notice is the gap inside high yield. BB-rated bonds, the strongest high yield companies, pay 209 bp over a 4.91% Treasury of comparable maturity = 7.00% yield. CCC-rated bonds, the weakest, pay 1,327 bp over a 4.55% Treasury = 17.82% yield. That gap is wider than on 86% of trading days since January 2000 and widened 133 bp in October: the market is already pricing trouble for the weakest companies while charging almost nothing for everyone else.

HISTORY

Since 2000, high yield bonds have closed a month paying less than 325 basis points over Treasuries of comparable maturity 46 times, in 12 separate stretches. In 8 of the 11 stretches with a full year of history after them, the spread was wider a year later, by 61 basis points at the median (measured from the first month-end of each stretch). The latest stretch ran from April to September 2026 and ended at the October month-end (344 bp at the 30 October close). History shows what tended to follow; it does not say spreads must return to any past average. The count uses month-end data to define the stretches.

EXHIBIT 2

Spread over Treasuries of comparable maturity (option-adjusted), daily since January 2000, log scale



Daily, 3 Jan 2000 to 30 Oct 2026, every day drawn. ICE BofA indices. Log scale: equal vertical distances are equal percentage changes. Arrows show the direction I expect, not a forecast of magnitude. Percentiles in the text exclude, within 2007 to 2009, days more than two standard deviations from the full-period mean (216 of 6,748 days for investment grade, 187 for high yield, 149 for CCC).

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Corporate Credit: Paid Less, for More Risk

Continued: dispersion by rating, and the case against

EXHIBIT 3 **Where each spread over Treasuries of comparable maturity (option-adjusted) stands against its own history, 30 Oct 2026 (October month-end)**

Index	Spread%	Base rate%	Yield –to-Worst%	Duration	Range since January 2000 (daily): Low, Avg, High with dates; dot = 30 Oct 2026	Percentile
Investment grade	.94	4.87	5.81	6.2	73 (22 Jan 2026) — Avg 138 bp — 401 (23 Mar 2020)	19th
AAA corporate	.49	5.09	5.58	10.3	27 (15 Aug 2025) — Avg 69 bp — 235 (20 Mar 2020)	14th
A-rated corporate	.78	4.86	5.64	6.2	59 (22 Jan 2026) — Avg 114 bp — 331 (23 Mar 2020)	20th
BBB corporate	1.16	4.87	6.03	6.0	92 (29 May 2026) — Avg 180 bp — 488 (23 Mar 2020)	13th
High yield	3.44	4.86	8.30	3.2	241 (1 Jun 2007) — Avg 496 bp — 1,120 (10 Oct 2002)	22nd
BB	2.09	4.91	7.00	3.3	150 (28 Aug 2026) — Avg 326 bp — 837 (23 Mar 2020)	15th
B	3.60	4.85	8.45	3.0	236 (1 Jun 2007) — Avg 498 bp — 1,189 (23 Mar 2020)	25th
CCC and lower	13.27	4.55	17.82	2.5	414 (5 Jun 2007) — Avg 1,067 bp — 2,578 (24 Apr 2001)	81st
Municipal index	.30	3.92	4.22	7.5	-14 (28 Sep 2022) — Avg 24 bp — 83 (20 Apr 2011)	73rd
High yield municipal	1.61	4.12	5.73	7.5	72 (25 Apr 2022) — Avg 283 bp — 869 (25 May 2016)	33rd
Agency MBS	.25	5.23	5.48	5.8	-40 (28 Jul 2010) — Avg 45 bp — 136 (19 Mar 2020)	21st
CMBS	1.24	4.66	5.90	3.3	61 (10 Feb 2005) — Avg 148 bp — 495 (2 Oct 2008)	50th
ABS	.91	4.56	5.47	2.1	51 (16 Nov 2006) — Avg 101 bp — 580 (25 Mar 2020)	50th

Spread = option-adjusted spread over Treasuries of comparable maturity; base rate = yield to worst less spread; all-in yield = yield to worst; duration = ICE effective duration. Low (red), Avg and High (green) = lowest, mean and highest daily value in the trimmed sample, 3 Jan 2000 to 30 Oct 2026 (6,748 trading days before trimming; high yield municipal from 31 Dec 2009); dot = 30 Oct 2026 value (amber for CCC: wide for a reason; I am not advising CCC); percentile = share of daily observations below the 30 Oct 2026 value, ties counted as half. MBS = mortgage-backed securities; CMBS = commercial MBS; ABS = asset-backed securities. Daily observations since 3 Jan 2000; within 2007 to 2009, days more than two standard deviations from the full-period mean are excluded (149 to 277 of 6,748 days per series, listed on the Methods page; high yield municipal none).

CASE AGAINST *Thin spreads can last for years when few companies default and buyers want yield, as they did from 2004 to 2007. If CCC-rated bonds again pay less than 900 basis points over Treasuries of comparable maturity for six months without a recession, the bottom of the market has refinanced and I was early.*

PROVENANCE FactSet, ICE BofA indices (C0A0, C0A1, C0A4, H0A0, H0A1, H0A2, H0A3, U0A0, U0HY, M0A0, CMBS, R0A0, C0A3), option-adjusted spread, yield to worst and effective duration, daily from 3 Jan 2000 to 30 Oct 2026, basis points (high yield municipal from 31 Dec 2009).

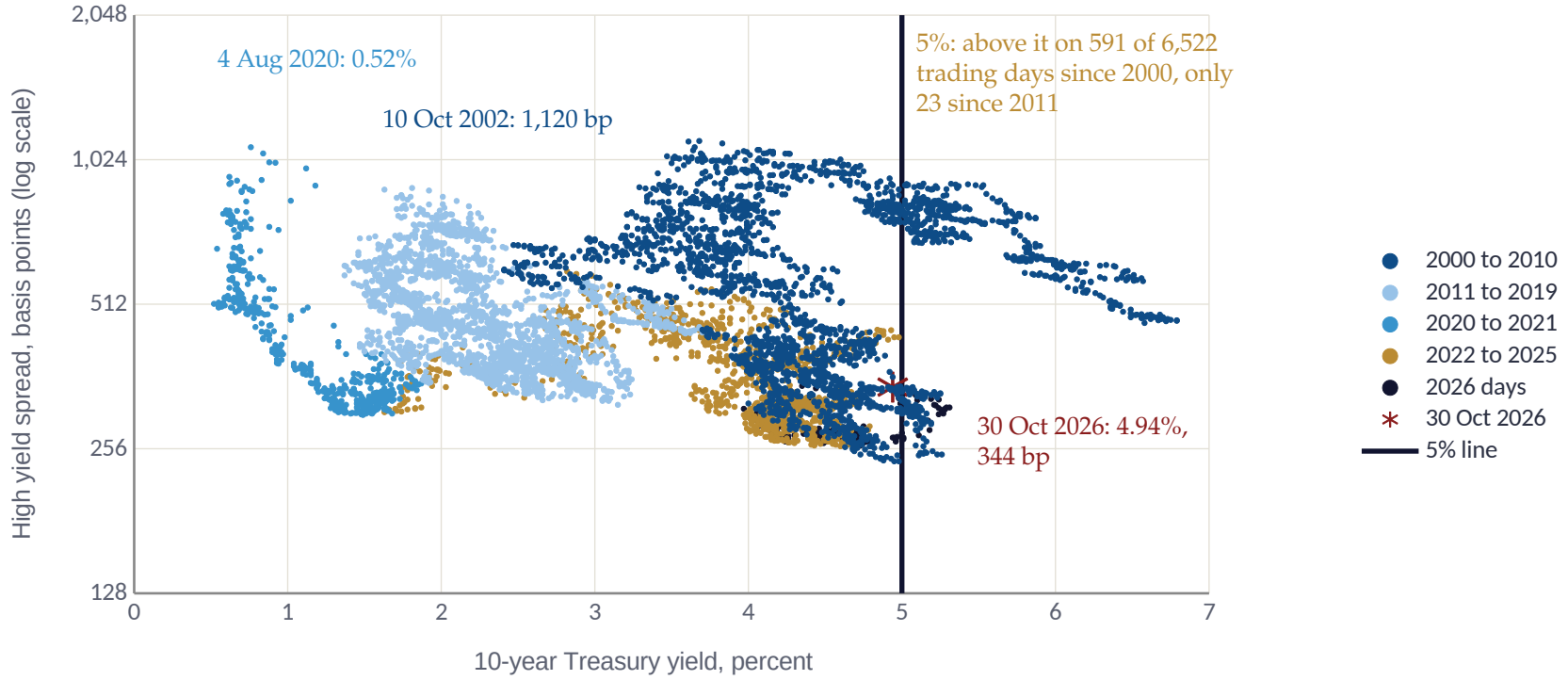
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A 5% Treasury World: Last Seen in 2006 and 2007

Rising or falling Treasury yields explain almost none of the move in high yield spreads: the strongest relationship I found has an R-squared of 0.31, and when yields rise it is 0.00

EXHIBIT 4

High yield spread over comparable Treasuries against the 10-year Treasury yield, daily since January 2000



Each dot is one trading day, 3 Jan 2000 to 30 Oct 2026 (6,522 days drawn of 6,709 days on which both series print); the star is 30 Oct 2026. FactSet, ICE BofA US High Yield Index option-adjusted spread; H.15 10-year constant maturity, daily (FactSet Macroeconomics, H.15 trading calendar). The chart, the counts and the analysis at right all run to 30 Oct 2026. Daily observations since 3 Jan 2000; within 2007 to 2009, days more than two standard deviations from the full-period mean are excluded (187 of 6,709 days for the high yield spread, 0 for the 10-year yield). Trimmed days are not drawn.

HOW TO READ IT

Each dot is one trading day since January 2000, placed by the 10-year Treasury yield (across) and the high yield spread over comparable Treasuries (up). High yields and thin spreads together, the lower right, have been rare. Since 2011 the 10-year has closed at or above 4.9% on 40 days: 4 in October 2023 (spreads of 432 to 452 bp) and 36 in September and October 2026 (265 to 344 bp). Before 2011, the daily record finds a 10-year at or above 4.9% with a spread at or below 320 bp on 76 trading days, all in 2006 and 2007 (6 Apr to 5 Jun 2006, 29 Jan 2007 and 31 May to 19 Jul 2007), the year before the 2007-09 credit cycle began. I draw the solid line at 5% because the 10-year has been above it on 591 of the 6,522 trading days drawn since 2000, but on only 23 since 2011, all in September and October 2026 (5.31% on 5 October was the highest close since May 2002).

DOES THE YIELD PREDICT SPREADS?

None of the relationships reaches an R-squared of 0.50. The strongest is 0.31: when the 10-year yield falls over a 3-month window, high yield spreads tend to widen (flight to quality), but that explains less than a third of the variation. When yields rise, the link is close to zero (0.00). The 10-year yield level has almost no power to predict next year's change in spreads (0.05). On the 2011 to 2026 sample alone the strongest relationship was 0.36 (3-month window, yields falling) and 0.03 when yields rise; on the untrimmed 2000 to 2026 sample the strongest was 0.29. The Treasury path is not a reliable guide to spreads, so the spread view has to stand on its own.

Daily, 3 Jan 2000 to 30 Oct 2026, 10-year yield against the high yield spread: 6,522 days after the 2007 to 2009 two-standard-deviation trim (187 removed); 2011 sample 3,954 days. Changes are over rolling 1-, 3-, 6- and 12-month windows computed every trading day, so consecutive observations overlap (a 3-month window shares 62 of 63 days with the next); a window is used only when both end days are in the trimmed sample. R-squared measures fit within this sample only; it is not a forecast.

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Municipals: The Vehicle for Taxable Accounts

After tax, A-rated municipals out-yield A-rated corporates at every bracket from 24%; the open question is how much duration

THE DECISION

Municipal bonds pay interest that is free of federal income tax, so a 4.44% municipal yield (the A-rated municipal index at the October month-end) is worth more than 4.44% from a taxable bond. How much more depends on your tax bracket. I show four brackets, each including the 3.8% net investment income tax; at the top bracket it is worth 7.50% from a taxable bond, against 5.64% on an A-rated corporate index and 4.94% on a 10-year Treasury. Credit is the other half of the case: over ten years, A-rated municipal bonds have defaulted at about one nineteenth the rate of A-rated corporate bonds (see the primer).

The decision has two parts. The first is which bond to own in a taxable account, and for an investor at the 24% bracket or above the answer is municipals over corporates of the same rating. Like for like, an A-rated municipal index yields 4.44% against 5.64% for an A-rated corporate index; after tax at the 32% bracket and above, the municipal keeps 4.44% and the corporate 3.34% to 3.62%; at the 24% bracket the corporate keeps 4.07%, still 0.37 points behind. The breakeven is a marginal rate of 21.2%. The advantage, 1.10 points at the top bracket (1.43 at the September month-end), is larger than on 58% of trading days since January 2000 (2007 to 2009 extremes trimmed). The second part is how far out the curve to go; there I advise holding, not extending (next pages).

EXHIBIT 5A

After-tax yield by bracket (high yield also net of expected loss), 30 October 2026 (percent)

Instrument	24% bracket (27.8% all-in)	32% bracket (35.8% all-in)	35% bracket (38.8% all-in)	37% bracket (40.8% all-in)
2-year Treasury (duration 1.9)	3.29	2.93	2.79	2.70
5-year Treasury (duration 4.4)	3.40	3.02	2.88	2.79
10-year Treasury (duration 7.8)	3.57	3.17	3.02	2.92
30-year Treasury (duration 14.9)	3.83	3.41	3.25	3.14
Investment grade corporate index (duration 6.2)	4.19	3.73	3.55	3.44
A-rated corporate index (duration 6.2)	4.07	3.62	3.45	3.34
BBB corporate (duration 6.0)	4.36	3.87	3.69	3.57
High yield index (duration 3.2)	4.39	3.73	3.48	3.31
AAA municipal 2-year (duration 1.9)	2.68	2.68	2.68	2.68
AAA municipal 5-year (duration 4.6)	2.94	2.94	2.94	2.94
AAA municipal 10-year (duration 8.4)	3.42	3.42	3.42	3.42
A-rated municipal index (duration 7.3)	4.44	4.44	4.44	4.44
Municipal index (duration 7.5)	4.22	4.22	4.22	4.22

Duration is in years: Treasuries and AAA municipal tenors are par-bond modified durations at the 30 Oct 2026 yield (semiannual coupons); indices are ICE effective duration. Taxable yields are reduced by the marginal federal rate (bracket plus 3.8% net investment income tax); the high yield row is also reduced by expected annual credit loss (Moody's 10-year cumulative default rate, annualized, times one minus recovery: 1.60%). Investment grade rows carry no expected-loss deduction. Florida residents; state tax would widen the municipal advantage for residents of taxing states holding in-state bonds. Yields to worst. Durations differ by row: the A-rated municipal index is 1.1 years longer than the A-rated corporate index, so it carries more rate risk; compare like maturities. The A-rated municipal index (4.44%) is the best like-for-like comparison.

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Municipals: The Vehicle for Taxable Accounts

Continued: the curve and taxable-equivalent yields

EXHIBIT 5B

AAA municipal vs Treasury yield, 30 Oct 2026

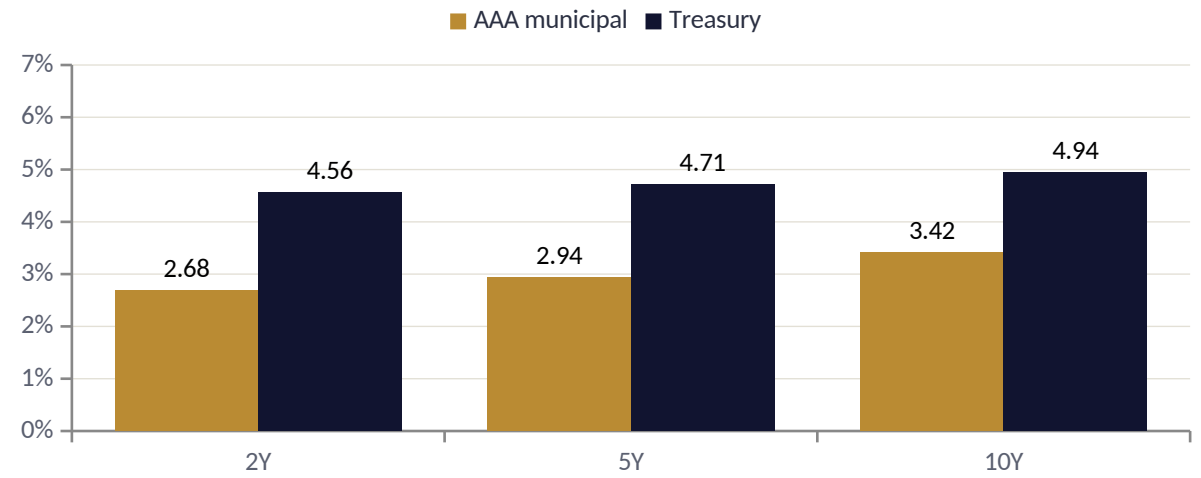


EXHIBIT 5C

Municipal yields, ratio to Treasuries and taxable-equivalent yields, 30 Oct 2026 (percent)

Tenor	AAA municipal	Treasury	Ratio	TEY 27.8%	TEY 35.8%	TEY 38.8%	TEY 40.8%
2-year	2.68	4.56	59%	3.71	4.17	4.38	4.53
5-year	2.94	4.71	62%	4.07	4.58	4.80	4.97
10-year	3.42	4.94	69%	4.74	5.33	5.59	5.78

TEY = taxable-equivalent yield = tax-exempt yield divided by one minus the marginal rate. Marginal rate = federal bracket plus 3.8% net investment income tax: 24% (27.8% all-in), 32% (35.8%), 35% (38.8%) and 37% (40.8%). Ratio = AAA municipal yield divided by Treasury yield of the same maturity. The 3.8% tax applies above $200,000 single or $250,000 joint income (IRS; not indexed); many 24% filers fall below it.

EXHIBIT 5D

After-tax advantage of A-rated municipals over A-rated corporates, daily 2000 to 2026



Percentage points of yield at the 40.8% marginal rate, after tax; daily from January 2000. Positive on all but 12 trading days since January 2000 at the top bracket (27 Oct 2008 and 11 days from July 2021 to January 2022); the low was -0.05 points on 3 Jan 2022, when municipals were richest, and the peak 3.48 on 10 Sep 2003. Dashed line is the daily average (1.18); the line ends at 30 Oct 2026 (1.10; 30 Sep 2026 was 1.43). Daily observations since 3 Jan 2000; within 2007 to 2009, days more than two standard deviations from the full-period mean are excluded (0 of 6,748 days for this series).

EXHIBIT 5E

Municipal rating ladder, 30 Oct 2026 (percent)

Rating	Municipal yield	Spread over Treasury	Corporate yield	After tax, municipal	After tax, corporate	Duration, yrs muni; corp
AAA	4.04	10 bp over 3.94%	5.58	4.04	3.30	7.9; 10.3
AA	4.10	18 bp over 3.92%	5.61	4.10	3.32	7.4; 7.0
A	**4.44**	57 bp over 3.87%	5.64	**4.44**	3.34	7.3; 6.2
BBB	4.91	78 bp over 4.13%	6.03	4.91	3.57	7.9; 6.0

ICE BofA indices, yield to worst; spread is the municipal option-adjusted spread over the implied Treasury (yield less spread). After tax at 40.8%; no expected-loss deduction for investment grade ratings.

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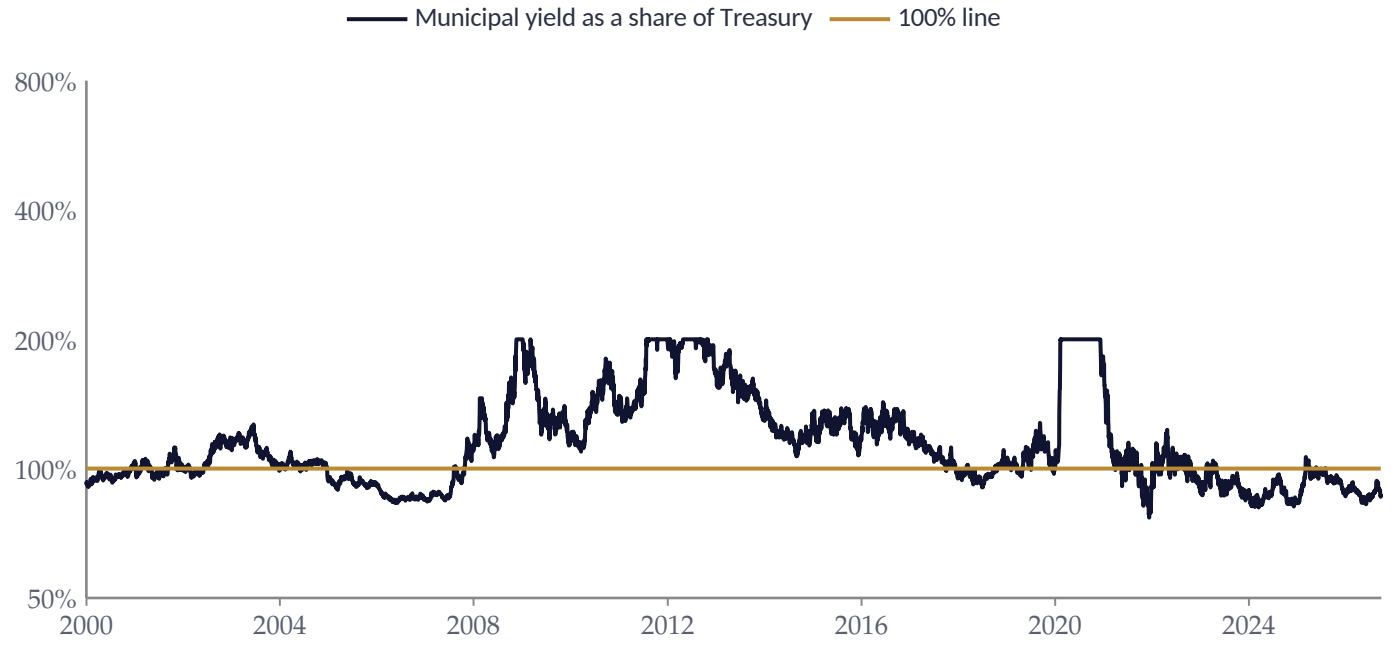
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Municipals: The Vehicle for Taxable Accounts

Continued: the long-run ratio, cautions and what would change my view

EXHIBIT 6

Municipal index yield as a share of duration-matched Treasury yield, daily since January 2000



Daily, every day drawn; the Treasury yield is interpolated daily at the index duration. Log scale, so every day is shown, including the 2008-09, 2011-12 and 2020 peaks (highest 681%, 23 Mar 2020). The gold line marks 100%, where tax-exempt and taxable yields are equal before tax. No distribution statistic is quoted from this series on this page.

CAUTIONS

Municipal yields fell in October (the municipal index from 4.73% to 4.22%), more than Treasuries did; the short end has already been bought. State taxes, phase-outs and Medicare premium surcharges can change the arithmetic for an individual; your own return governs.

WHAT WOULD CHANGE MY VIEW

A 10-year AAA ratio above 85% of Treasuries (its 2025 high), or a month in which municipal yields fall while Treasury yields rise, which would say the selling is done. Until then: municipals should be considered a core holding for U.S. investors with taxable fixed income; do not add beyond 10 years yet.

HOW I BUILD A MUNICIPAL PORTFOLIO

An average credit rating of A, with no more than 10% to 20% of the portfolio in issues rated below A-. A-rated municipals have carried almost none of the default risk of A-rated corporates (0.10% against 1.90% over ten years). A-rated municipals yield 40 basis points more than AAA municipals today, below the daily average since January 2000 of 71 (trimmed sample); the step down to A is still the right place to be on credit, but it pays less than usual right now, which argues for patience in adding A-rated paper and for keeping the below-A- allocation at the low end of the 10% to 20% band. Below A- the municipal default record starts to look like the corporate one (see the primer). Diversified by issuer, sector and state; general obligation and essential-service revenue bonds; no tobacco, project-finance or unrated issues in the core.

Provenance: FactSet, ICE AAA municipal curve (ICEMUNIAAA2Y to 10Y), ICE BofA US Municipal Securities Index (U0A0), ICE BofA AAA (U0A1), AA (U0A2) and Single-A (U0A3) US Municipal and Single-A (C0A3) Corporate indices, H.15 Treasuries. Second-order tax effects (state and local tax (SALT) cap phase-down, dividend stacking, Medicare premium surcharges, alternative minimum tax (AMT)) are not in these figures.

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Structured Credit: Agency MBS Paid Little, Commercial Real Estate Not Paid for Its Risk

A spread near its median against delinquency near its 2012 peak

AGENCY MBS AND CMBS

Mortgage bonds issued by Fannie Mae, Freddie Mac and Ginnie Mae (agency mortgage-backed securities, MBS) pay 25 bp over a 5.23% Treasury of comparable maturity = 5.48% yield, well below the middle of their history since 2000 (21st percentile; 30th at the September month-end). The refinancing quirk is described on the risk pages that follow. Ginnie Mae bonds carry a federal guarantee of timely payment; Fannie Mae and Freddie Mac bonds carry the agencies' guarantee, backed by their federal conservatorship.

One place to look for value: newly written mortgages carry coupons near 6% to 7%, and the models that price their prepayment risk assume refinancing behavior from a lower-rate world; where those assumptions are wrong, the bonds are mispriced.

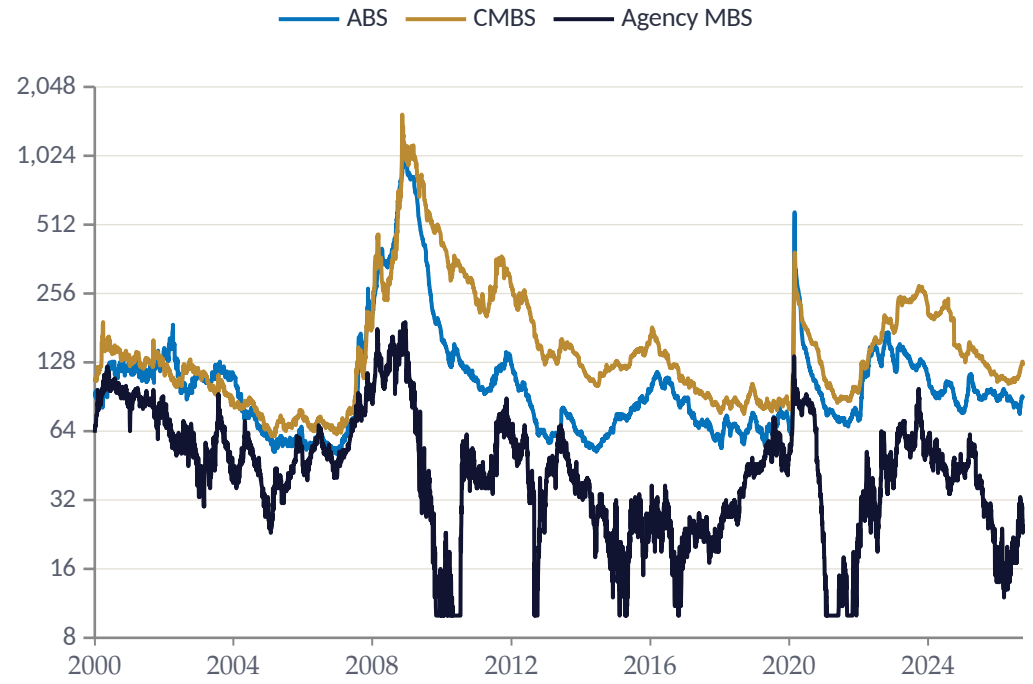
Bonds backed by commercial real estate loans (commercial mortgage-backed securities, CMBS) pay 124 bp over a 4.66% Treasury of comparable maturity = 5.90% yield, near the middle of their history since 2000 (50th percentile), even though 8% of the underlying loans are delinquent, 12% for office buildings. The market assumes the losses fall on the lower tranches, the slices that absorb losses first. For the top-rated slice that is probably right. It is not a reason to own anything below it.

Bonds backed by credit card and auto loans (asset-backed securities, ABS) pay 91 bp over a 4.56% Treasury of comparable maturity = 5.47% yield (50th percentile).

Provenance: FactSet, ICE BofA M0A0, CMBS and R0A0 indices, option-adjusted spread, daily from 3 Jan 2000 to 30 Oct 2026, basis points.

EXHIBIT 7

Structured credit: spread over Treasuries of comparable maturity (option-adjusted), daily since January 2000, log scale



Daily, basis points, every day drawn. Agency MBS spread was negative on some days; values below 10 are shown at 10 for the log scale. Percentiles in the text exclude, within 2007 to 2009, days more than two standard deviations from the full-period mean (229 of 6,748 days for agency MBS, 277 of 6,747 for CMBS, 271 of 6,748 for ABS).

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Structured Credit, Continued: Collateralized Loan Obligations and Student Loans

The two structured sectors most exposed to the loan and household stress elsewhere in this monitor

HOW A CLO WORKS

A collateralized loan obligation (CLO) is a fund that buys 150 to 300 corporate loans and sells slices of the pool to investors. Losses hit the bottom slice first; the top (AAA) slice is protected by roughly 35% of the pool beneath it and has never defaulted. CLOs own most of the loan market, so the refinancing wall four pages on is their problem first.

WHY IT MATTERS HERE

The loan wall four pages on is the CLO collateral pool. First Brands (Chapter 11, 29 Sep 2025, about $3.8bn of first-lien loans) landed in syndicated loans and CLOs, not in direct lending, and added about 0.32 percentage points to the loan default rate.

With CCC at 7% of the loan index (30 Oct) but 29% of 2026 to 2028 maturities (excluding defaulted loans), CLO managers' CCC buckets (typically capped near 7.5%) are the pressure point: when the bucket fills, managers sell the weakest loans into a thin bid, which is how a slow default cycle becomes a fast price cycle. The AAA tranche is built to survive that; the BB and equity tranches are built to absorb it.

CLO MARKET, LATEST

AAA NEW ISSUE

122 bp

over SOFR 3.90% = 5.12%; Sep 2026, Trepp via CRE Daily

AAA SECONDARY

103 bp

over SOFR 3.68% = 4.71%; 30 Jun 2026, J.P. Morgan CLO index

BB SECONDARY

769 bp

over SOFR 3.68% = 11.37%; 30 Jun 2026, J.P. Morgan CLO index

NEW ISSUE VOLUME

$111bn

Year to date, down about 21% from 2025

FAILING OC TESTS

0.6%

Example: 11 of 1,795 reinvesting CLOs, 2026 to 22 Apr (Octus)

CLO spreads are quoted over the floating benchmark rate (SOFR, the Secured Overnight Financing Rate), not over Treasuries; CLO coupons float, so the all-in yield moves with SOFR (FactSet series USIR7502053: 3.90% on 30 Sep 2026, 3.68% on 30 Jun 2026, 3.94% on 28 Oct 2026). OC = overcollateralization. Issuance per Valuation Research Corporation; sources differ on definitions. OC example: Octus, 22 Apr 2026.

STUDENT LOANS

Household student debt is $1,651bn (Federal Reserve Bank of New York, Q2 2026). 10.6% of balances are 90+ days delinquent, up from 10.3% in Q1. The annualized flow into serious delinquency was 7.83% in Q2 2026 against 12.88% a year earlier, a figure the New York Fed says is distorted by the re-reporting of defaulted debt.

Federal portfolio (Department of Education, Federal Student Aid, 31 Mar 2026): 42.6 million borrowers, $1.7 trillion, about 9 million borrowers and $220bn in default; 15.5% of dollars in active repayment are 31+ days delinquent. Involuntary collections (wage garnishment, Treasury offset) were delayed on 16 January 2026 (Department of Education); no resumption had been announced on ed.gov as of 31 October 2026. Private student loans (Navient, Q2 2026): 90+ day delinquency 2.4% against 3.0% a year earlier.

Student loan asset-backed securities (ABS) are a small part of the structured market today and the private segment is improving; the federal portfolio is where the stress sits, and it reaches this monitor through the consumer, not through bonds I would advise owning.

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What Each Risk Means in Dollars

Price impact per $1,000,000 and the months of income needed to recover it

SIZING THE RISKS

Naming a risk is not the same as sizing it. This page shows what each risk in this monitor would cost on a $1,000,000 position if it happened, and how many months of income it would take to earn the loss back. These are arithmetic, not predictions.

TABLE A

Rates: price change per $1,000,000, modified duration of a par bond at the 30 Oct 2026 yield

Instrument	Yield	Duration	+100 bp	+200 bp	Rise absorbed by one year of income
2-year Treasury	4.56%	1.9	-$19,000	-$37,000	about 248 bp
10-year Treasury	4.94%	7.8	-$75,000	-$143,000	about 65 bp
30-year Treasury	5.31%	14.9	-$134,000	-$242,000	about 37 bp
10-year AAA municipal	3.42%	8.4	-$80,000	-$153,000	about 41 bp (a municipal-only rise of roughly 10 bp erases one year of its taxable-equivalent advantage over the 10-year Treasury)

TABLE B

Convexity: per $1,000,000, effective duration 5.8 (agency MBS) and 6.2 (investment grade)

Scenario	Agency MBS	Investment grade corporate
-100 bp	+$53,000	+$63,000
+100 bp	-$64,000	-$61,000
+150 bp	-$100,000	-$91,000

WHY THE MORTGAGE INDEX IS DIFFERENT

Government-backed mortgage bonds have a quirk: when rates fall, homeowners refinance and the bond is repaid early, so you gain less; when rates rise, no one refinances and you are stuck with a longer bond, so you lose more. Since 2010 the index has lengthened about a year of duration for every 1% rise in yields.

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What Each Risk Means in Dollars

Continued: credit spreads and commercial real estate

TABLE C

Credit spread over Treasuries of comparable maturity: price impact at current effective duration, with months of current yield to recover in parentheses

Index	Duration	Yield	If spreads returned to the daily median since 2000	To daily 75th percentile	To 23 March 2020	To the highest daily spread in the trimmed sample (date)
Investment grade	6.2	5.81%	-2.3%	-4.4%	-19.1% (39 mo)	-19.1% (23 Mar 2020)
BBB	6.0	6.03%	-3.2%	-6.0%	-22.4%	-22.4% (23 Mar 2020)
High yield	3.2	8.30%	-3.1%	-8.4%	-23.4% (34 mo)	-24.5% (10 Oct 2002)
BB	3.3	7.00%	-2.9%	-6.5%	-20.9%	-20.9% (23 Mar 2020)
CCC and lower	2.5	17.82%	+9.9%	+3.3%	-16.1% (11 mo)	-31.8% (24 Apr 2001)

CCC is the only bucket already wider than its own daily median since 2000, and since October it is wider than its 75th percentile too, which is why it shows a gain in the first two columns. mo = months. The median, 75th percentile and last columns use the trimmed daily sample from 3 January 2000 to 30 October 2026 (within 2007 to 2009, days more than two standard deviations from the full-period mean are excluded: 216 of 6,748 days for investment grade; 209 of 6,748 days for BBB; 187 of 6,748 days for high yield; 208 of 6,748 days for BB; 149 of 6,748 days for CCC and lower); the 23 March 2020 column is the daily level on the worst day of the March 2020 sell-off, a named stress point. For reference, the untrimmed late-2008 peaks, which the rule excludes, would cost: Investment grade -33% (622 bp, 5 Dec 2008); BBB -40% (784 bp, 16 Dec 2008); High yield -57% (2,147 bp, 15 Dec 2008); BB -41% (1,444 bp, 16 Dec 2008); CCC and lower -75% (4,293 bp, 15 Dec 2008). I show these as reference points, not as levels I expect spreads to revisit.

TABLE D

Commercial mortgage-backed securities (CMBS): 3.3 years duration, 5.90% yield

Return to	Price impact	Months of income to recover
Daily 75th percentile spread since 2000 (trimmed sample, 168 bp)	-1.5%	3 months
Highest daily spread in the trimmed sample, 2 Oct 2008 (495 bp)	-12%	25 months

Trimmed sample: 277 of 6,747 days excluded under the 2007 to 2009 two-standard-deviation rule. For reference, the untrimmed peak of 1,550 bp on 20 Nov 2008 would cost -47%.

WHERE THE LOSS LANDS

Below the AAA tranche the risk is not spread but principal: losses in the collateral pool are allocated from the bottom tranche up, so a 12% office delinquency rate becomes a permanent loss for the tranches that absorb it first.

Provenance: FactSet, ICE BofA indices (option-adjusted spread, yield to worst, effective duration), daily 3 Jan 2000 to 30 Oct 2026 for medians, 75th percentiles and the highest daily spreads (trimmed sample, Methods page), the 23 March 2020 level, as of 30 Oct 2026 (October month-end basis). Price change = -duration x spread change, plus convexity where noted; months to recover = loss divided by yield divided by 12. No defaults, recoveries or roll-down. Percentiles and history as in Exhibit 3.

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Consumer Credit: Stress Is Rising Where It Starts

Direction, not level, is the signal in lagging data

READING LAGGING DATA

Consumer data arrive a quarter late, so I read the direction, not the level. The direction is worse where it matters most: mortgages. The share of mortgage balances falling seriously behind rose to 1.52% from 1.29% a year ago, and delinquency on Federal Housing Administration (FHA) loans, the first-time buyer's mortgage, is 11.8%.

Credit cards are the exception: bank card delinquencies and losses are falling. But the saving rate has dropped from 5.1% to 3.8% in a year. Households are staying current on cards by saving less.

WHAT I AM WATCHING

The Federal Reserve's survey of bank lending standards in early November. Tighter standards for consumers alongside rising mortgage delinquency would be the familiar late-cycle pattern.

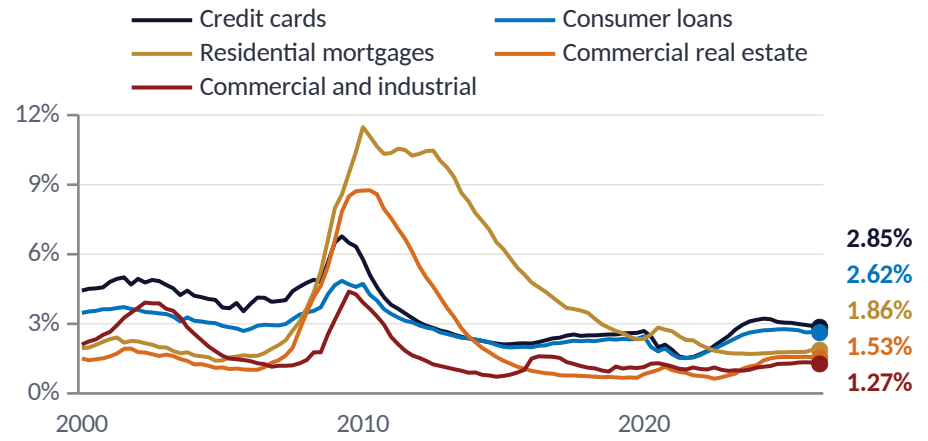
INDICATORS

Consumer and real estate credit indicators

Indicator	Latest	Year earlier	Change	As of	Source
Mortgage balances entering 90+ day delinquency	1.52%	1.29%	+0.23 pt	Q2 2026	New York Fed
Credit card balances entering 90+ day delinquency	6.97%	6.93%	+0.04 pt	Q2 2026	New York Fed
Auto loan balances entering 90+ day delinquency	3.00%	2.93%	+0.07 pt	Q2 2026	New York Fed
Student loan balances 90+ days delinquent (stock)	10.6%	10.3% (prior quarter)	+0.3 pt q/q	Q2 2026	New York Fed
Student loan balances entering 90+ day delinquency (flow)	7.83%	12.88%	-5.05 pt	Q2 2026	New York Fed (see note)
Household debt outstanding	$18.77T	$18.39T	+2.1%	Q2 2026	New York Fed
All mortgages, delinquency rate (SA)	4.37%	3.93%	+0.44 pt	Q2 2026	Mortgage Bankers Association
FHA mortgages, delinquency rate (SA)	11.79%	10.57%	+1.22 pt	Q2 2026	Mortgage Bankers Association
Bank residential mortgage delinquency rate	1.86%	1.78%	+0.08 pt	Q2 2026	Federal Reserve
Bank credit card delinquency rate	2.85%	3.04%	-0.19 pt	Q2 2026	Federal Reserve
Bank credit card charge-off rate	3.82%	4.19%	-0.37 pt	Q2 2026	Federal Reserve
Bank consumer loans, delinquency rate	2.62%	2.75%	-0.13 pt	Q2 2026	Federal Reserve
Bank commercial real estate delinquency rate	1.53%	1.57%	-0.04 pt	Q2 2026	Federal Reserve
CMBS delinquency rate, all property types	8.02%	7.23%	+0.79 pt	Sep 2026	Trepp
CMBS delinquency rate, office	12.16%	11.13%	+1.03 pt	Sep 2026	Trepp
Personal saving rate	3.8%	5.1%	-1.3 pt	Sep 2026	Bureau of Economic Analysis

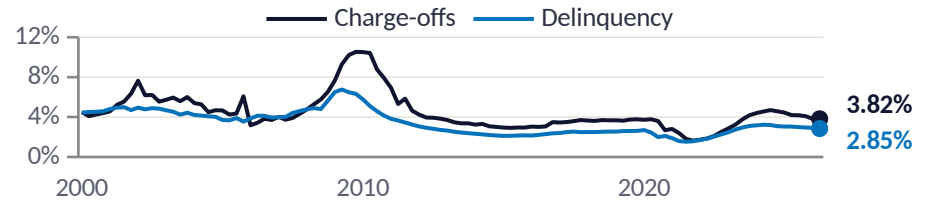
Change shading: red = worsening (rising delinquency, falling saving rate), green = improving. SA = seasonally adjusted. FHA = Federal Housing Administration. CMBS = commercial mortgage-backed securities. T = trillion; pt = percentage point; q/q = quarter over quarter. The student loan stock is compared with the prior quarter because the year-earlier comparison is distorted by the re-reporting of defaulted debt; the New York Fed says the flow figures are distorted in the same way. Saving rate: Bureau of Economic Analysis, September 2026 (initial estimate). New York Fed: Household Debt and Credit Report, Q2 2026 (11 Aug 2026).

Bank loan delinquency rates by type, 2000 to 2026



Percent of loans 30+ days past due, seasonally adjusted. Residential and commercial real estate delinquency peaked at 11.5% and 8.8% in 2010; card delinquency peaked at 6.8% in 2009. Today every series is below 3%, and only residential (1.86%) is higher than a year ago. Source: Federal Reserve via FactSet, quarterly through Q2 2026, all commercial banks.

Credit cards: charge-offs run above delinquency



Charge-offs are losses written off; delinquency is loans behind on payment.

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The Refinancing Wall: Leveraged Loans

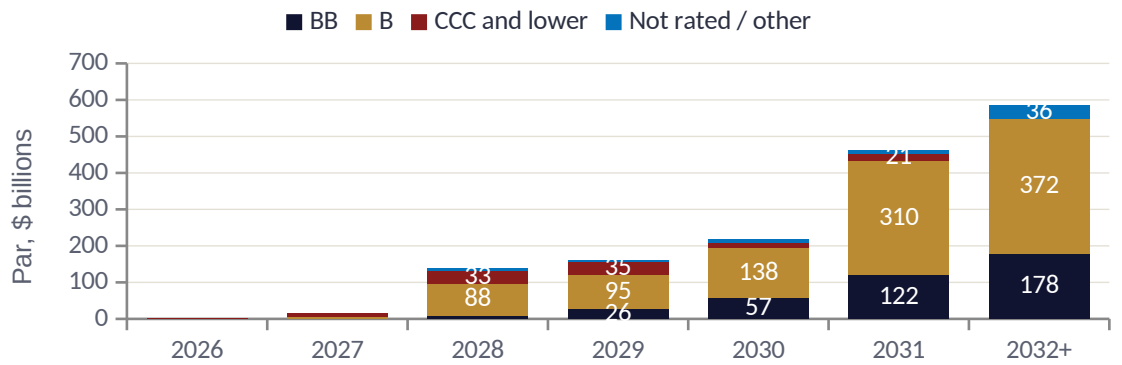
Morningstar LSTA US Leveraged Loan Index, 30 October 2026, excluding defaulted and near-zero-priced loans

THE LOAN HALF OF THE WALL

Companies that borrowed cheaply must refinance when their loans mature. The loan index has $1,582 billion outstanding across 1,345 loans once 7 defaulted or near-zero-priced loans ($5.6 billion) are set aside. About 10% comes due by the end of 2028, so the amount is not the problem. The borrowers are: CCC-rated loans are 7% of the market but 29% of what matures from 2026 to 2028, and 53% of their par in that window trades below 80 cents on the dollar. Loan coupons are SOFR (3.94% on 28 October) plus a margin that varies by borrower, so I do not show a single all-in loan yield. This page covers loans; high yield bonds are not included.

EXHIBIT 8

Loan par by maturity year and rating, $ billions, excluding defaulted and near-zero-priced loans



Excluded: 7 loans, $5.6 billion, rated D or priced below 10 ($2.1bn due 2027, $2.0bn 2028, $1.4bn 2029), among them 3 First Brands loans ($2.2bn, due 2027 and 2028) whose near-zero prices would otherwise set the 2027 average. The full index is $1,588 billion across 1,352 loans.

EXHIBIT 9

Maturities and prices by year

Year	Par ($bn)	Loans	Share of index	Avg price	Trading below 80
2026	1.3	1	0.1%	80.9	0%
2027	15.6	16	1.0%	74.5	47%
2028	138.6	160	8.8%	87.9	18%
2029	159.5	169	10.1%	87.7	22%
2030	218.3	200	13.8%	94.0	10%
2031	463.1	340	29.3%	96.2	6%
2032 and later	586.0	459	37.0%	98.3	1%

EXHIBIT 10

Loans maturing 2026 to 2028, by rating

Rating	Par ($bn)	Loans	Share	Avg price	Below 80	Below 90
BB	9.9	14	6%	97.6	0%	8%
B	92.8	104	60%	94.8	7%	17%
CCC and lower	45.1	47	29%	69.2	53%	69%
Not rated / other	7.7	12	5%	73.9	30%	49%
All	155.5	177	100%	86.5	21%	33%

WHAT THIS MEANS

The wall is small and the trouble is concentrated. Of the $156 billion due by 2028, 29% is CCC-rated, and 53% of that CCC par already trades below 80, 69% below 90: the market has marked those loans as refinancing candidates it does not expect to refinance at par. B-rated loans in the same window are mostly fine (7% below 80), so this is a bottom-of-the-market problem, not a market problem. It reaches bond investors through CLOs, which own most of these loans and whose CCC buckets fill as downgrades arrive, and through direct lenders that refinance what the syndicated market will not. My stance stays Underweight on lower CLO tranches and leveraged loans; the AAA tranche is a timing question, not a credit question.

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The Refinancing Wall: Commercial Real Estate

$875 billion of property loans come due in 2026; the test is what the collateral is worth today and whether its income covers a loan at today's rates

CAN THEY REFINANCE?

A loan can be refinanced only if a new lender will lend enough to pay off the old one. Lenders size that loan on two limits: about 65% of what the property is worth today, and income that covers the new payment about 1.25 times over. Values have fallen and new loan rates are above the 2021 rates, so the new loan is often smaller than the one it replaces. The owner funds the gap with cash, gets an extension or gives the property back; the losses stemming from borrowers who cannot refinance land first in the lowest-rated slices of commercial mortgage bonds.

Hypothetical, illustrative only: a 2021 loan at its 2026 maturity. Not an actual loan, not a forecast.

Step	Result
Purchase in 2021: $100.0M at a 4.5% cap rate; net operating income (NOI)	$4.5M a year
Original loan: 65% of value at 3.5%, interest only; coverage (DSCR)	$65.0M; 1.98x
Value today at a 6.0% cap rate, NOI held flat	$75.0M (−25%)
Old loan against today's value: loan-to-value (LTV); equity left	86.7%; $10.0M of $35.0M
New loan sized by 65% LTV	$48.75M
New loan sized by 1.25x DSCR at a 6.6% coupon	$54.55M
Refinance proceeds (the smaller); equity gap to repay the old loan	$48.75M; $16.25M
DSCR on the new loan; DSCR if the old balance simply repriced to 6.6%	1.40x; 1.05x

Value = NOI / cap rate; LTV = loan / value; DSCR = NOI / annual debt service. LTV binds here: the 150 bp cap-rate move, not the coupon, sets the gap. With a 30-year amortizing loan at 6.6% (loan constant 7.66%) DSCR binds, proceeds fall to about $47.0M and the gap widens to about $18.0M. Flat NOI is generous for office.

WHAT THE MARKET SHOWS

Measure	Value	Source
2025 CMBS maturities paid off at maturity, by balance	74.3% (office 58.3%)	KBRA, Jan 2026
Maturing conduit loans: coupon against new-loan cost, next nine months	5.44% against 6.58%, a 114 basis point gap (office about 172)	CRED iQ, Aug 2026
2026 CMBS hard maturities, and the share with a debt yield of 8% or less	$76.6 billion; about 36%	Trepp via CRE Daily, May 2026
Floating-rate single-borrower deals past their final extension	$23.7 billion; 17% paid off	JPMorgan via CREFC, Sep 2026

Three quarters of maturing CMBS loans refinanced in 2025. The quarter that did not is where delinquency comes from: non-performing matured loans are 2.74% of the market, and most of the rise in delinquency is loans that reached maturity and could not refinance rather than loans missing payments. Debt yield (NOI / loan) is the third test lenders apply; about a third of 2026 maturities fail an 8% threshold.

WHO HOLDS THE 2026 MATURITIES

Lender	$bn	Share of book
Banks	396	21%
CMBS and CRE CLO	200	25%
Debt funds	163	29%
Life companies	76	10%
Government agencies	39	4%

Banks hold the most dollars coming due, nearly half. Debt funds are the most concentrated: 29% of debt funds' outstanding commercial real estate loans mature in 2026, the largest share of any lender group.

Total $875bn of $5.0tn outstanding (17%); 2027 is $652bn. Share of book = share of the lender's outstanding loans maturing in 2026. CRE = commercial real estate; CMBS = commercial mortgage-backed securities; CLO = collateralized loan obligation. Mortgage Bankers Association (MBA), February 2026.

NEW-PURCHASE ECONOMICS

New-loan cap rate minus mortgage coupon, 2026 issuance (CRED iQ)

Property type	Apartments	Industrial	Self-storage	Mixed-use	Retail	Office	Hotel
Cap rate minus coupon, bp	-19	-30	-35	-43	+20	+95	+124

Appraisal cap rate 4.63% against a transaction cap rate of 5.66% (NCREIF, Q2 2026; transactions are a very small sample): at the same income, buyers pay about 18% less than appraisers carry. All-property cap rate about 6.6% (CBRE, first half 2026) against a 10-year Treasury of 4.94% at the October month-end (30 Oct close; 5.29% in September). Prices 12.8% below the 2022 peak overall; office 33% below (Green Street, September 2026).

A cap rate is a property's income divided by its price. When the cap rate is below the mortgage rate, borrowing dilutes the income yield: the buyer's cash return falls below the unlevered yield, and the purchase loses money outright only when income stops covering the debt payment (DSCR below 1.0x). That dilution now applies to apartments, warehouses and storage, the sectors that had been the safe ones.

PERFORMANCE, SEP 2026

Property type	Delinquency	In special servicing
All	8.02%	11.49%
Office	12.16%	16.85%
Multifamily	8.04%	8.54%
Retail	6.58%	13.84%
Lodging	6.18%	8.95%
Industrial	1.14%	1.23%

Special servicing is at its highest since February 2013. Loss severity on liquidated conduit loans is about 42% in 2026 (through August) against 36% in 2025.

The wall has been absorbed so far by lenders extending and borrowers paying down; bank losses are still small (1.53% delinquent, charge-offs 0.14%). The test that decides whether that continues is the one above: what the collateral is worth at today's cap rate, and whether its income covers a loan at today's rates. The lower tranches of commercial mortgage bonds are where a failed test lands first.

Provenance: Mortgage Bankers Association (MBA), Commercial/Multifamily Loan Maturity Volumes 2026 (February 2026); Kroll Bond Rating Agency (KBRA), 2025 CMBS maturity study (January 2026); Trepp, CMBS Special Servicing Report (September 2026); Trepp via the CREFC monthly CMBS update (September 2026) and CRE Daily; CRED iQ via CRE Daily (August 2026); JPMorgan via CREFC; NCREIF Property Index, Q2 2026; CBRE Cap Rate Survey, H1 2026; Green Street Commercial Property Price Index (September 2026); Federal Reserve via FactSet (H.8 bank loans). Full sources in the speaker notes.

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Where I Stand

What I am advising, with the strongest case against each stance

WHAT I AM ADVISING

Sector	Stance	Why, in one line	Strongest case against
Treasuries, under 3 years	**Overweight**	Safety and liquidity at 4.2% to 4.6%; one year of income absorbs a 2.5 point rise in yields.	If the Fed keeps raising rates, bills and short notes reprice and lag; if long yields fall from here, the opportunity cost is the long bond's gain.
Treasuries, 10 years and longer	**Neutral**	4.9% to 5.3% is fair, but a 1 point rise costs 7% to 13%.	A growth scare would make these the best-performing bonds, and a neutral weight would own too few of them.
Inflation-protected Treasuries	**Overweight**	Real yields of 2.6% are higher than on 98% of trading days since TIPS data begin in 2003, even after falling 33 basis points in October; if inflation keeps printing above expectations, TIPS are paid for it and nominal bonds are not.	If inflation falls toward 2%, nominal Treasuries out-earn TIPS by the breakeven gap, about 2.3 points a year.
Municipal bonds in taxable accounts, 32% bracket and above	**Overweight**	After tax, an A-rated municipal index keeps 4.44% against 3.34% to 3.62% for an A-rated corporate index; breakeven marginal rate is 21.2%. Average rating A, no more than 10% to 20% below A-.	State taxes, phase-outs, and surcharges narrow the gap for some investors; municipals can get cheaper still, and October's fall in municipal yields has already taken the short end.
Municipal bonds in taxable accounts, 24% bracket	**Overweight**	A-rated municipals keep 4.44% against 4.07% for A-rated corporates after tax (0.4 points; about 0.2 for filers below the 3.8% surtax threshold).	AAA municipals trail Treasuries after tax at this bracket (10-year 3.42% against 3.57%), so the case rests on A-rated credit.
Extending beyond 10 years in municipals	**Neutral**	Maturities beyond 10 years pay more after tax but carry well over twice the rate risk of a 10-year; hold existing long positions, do not add yet.	A 10-year AAA ratio above 85% (its 2025 high), or municipal yields falling while Treasury yields rise, would indicate I waited too long.
Investment grade corporate bonds	**Underweight**	94 bp over a 4.87% Treasury = 5.81% yield, lower than on 80% of trading days since January 2000.	Thin spreads can last for years when defaults stay low and buyers want yield, as in 2004 to 2007; a near-6% all-in yield keeps buyers coming.
High yield corporate bonds	**Underweight**	344 bp over a 4.86% Treasury = 8.30% yield, lower than on 77% of trading days since January 2000; I would revisit at 450.	If CCC-rated bonds again pay under 900 bp for six months without a recession, the bottom of the market has refinanced and I was early.
Agency mortgage bonds	**Neutral**	25 bp over a 5.23% Treasury = 5.48% yield, thinner than on 78% of days since 2000; the refinancing quirk caps the upside; newly issued higher-coupon bonds are the exception worth watching.	If rates fall and rate volatility drops, mortgage bonds tighten and out-earn Treasuries, and the new-coupon mispricing works for the holder.
Commercial mortgage bonds, top (AAA) tranche	**Underweight**	Distressed situations only, case by case; no standing allocation.	AAA tranches sit behind 30% or more of credit support; if an 8% delinquency rate never reaches them, the spread is paid for a risk that does not arrive.
Commercial mortgage bonds, below AAA	**Underweight**	Losses land here first; see the commercial real estate wall page.	Prices have begun discounting heavy losses.
Consumer loan bonds (cards, autos)	**Underweight**	91 bp over a 4.56% Treasury = 5.47% yield	A 3.8% saving rate and rising mortgage delinquency say the household is weakening, and card losses follow unemployment with a lag.
CLOs, top (AAA) tranche	**Underweight**	Too early: if high yield widens, CLO financing gets more expensive and the entry improves; I am waiting.	No AAA CLO tranche has defaulted; a 5% floating yield with 35% subordination may not get cheaper if high yield holds.
CLOs, lower tranches and leveraged loans	**Underweight**	The weakest borrowers refinance in 2027 and 2028	Loans are senior, floating and recover about 73% in default; only 10% of par matures by 2028, so the market has time.
Direct lending (private credit)	**Neutral, do not add**	Thinner coverage, more CCC-equivalent borrowers, record defaults, 5% redemption gates, and annual losses slightly above leveraged loans (1.03% against 0.92%, 2005 to 2022) for a higher illiquidity yield; choose managers, do not add now.	Covenants and direct workouts; the loss gap against leveraged loans is small (0.11 points a year) and a vintage with tighter covenants could close it.

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Methods

How the numbers are built

METHODS

Month-end values are the last observation in the calendar month, never averages. Spreads are option-adjusted spreads over Treasuries of comparable maturity, measured against the Treasury spot curve, in basis points; yields are yield to worst in percent; duration is effective duration in years. Percentiles are the share of daily observations from 3 January 2000 to 30 October 2026 (6,748 trading days for ICE series; 6,722 H.15 days for Treasury yields) below the 30 October 2026 reading, ties counted as half, the October month-end basis. Distribution statistics (percentiles, deciles, ranges with exact dates, averages, medians and 75th percentiles, the Risk Table reference levels, the scatter sample and the regression sample) use these daily observations after the 2007 to 2009 two-standard-deviation trim described on the next page; charts show the same daily window, every day drawn. Daily ICE BofA index data come from FactSet; Treasury and TIPS yields are the Federal Reserve H.15 constant maturity series, on the days the Federal Reserve publishes them. TIPS daily series start 2 January 2003 and the high yield municipal index 31 December 2009, so their ranges are shorter. The sub-325 basis point episode count and the window sensitivity test use month-end data and are labeled as such. Taxable-equivalent yield equals tax-exempt yield divided by one minus the marginal rate, where the marginal rate is the statutory federal bracket plus the 3.8% net investment income tax; no blended or effective-rate assumptions are used. October figures are the 30 October close throughout, except Exhibit 4 (page 11), which remains on the 29 October close pending review; the September month-end (30 September) is the comparison. The leveraged loan page uses the index constituents as of 30 October 2026. The A-rated comparison uses the ICE BofA Single-A US Municipal (MLU0A3) and Corporate (MLC0A3) indices: yield to worst, option-adjusted spread and effective duration, daily January 2000 to October 2026 (distribution statistics from 3 January 2000 to 30 October 2026), FactSet. Expected annual loss is deducted below investment grade only (high yield 1.60%, from Moody's 10-year cumulative default and recovery rates); the A-rated comparison is after tax only. Breakeven marginal rate: 21.2% (30 October; 16.5% at 30 September). Implied Treasury = yield to worst less spread; CLO base is SOFR (FactSet USIR7502053: 3.90% on 30 Sep 2026, 3.68% on 30 Jun 2026). The rating ladder adds the AAA (MLU0A1) and AA (MLU0A2) municipal indices. After-tax yield equals the yield to worst, less the marginal federal rate for taxable bonds (statutory bracket plus the 3.8% net investment income tax; municipal interest is untaxed federally; Florida resident, no state tax). Below investment grade only, it is also reduced by expected annual credit loss, Moody's 10-year cumulative default rate annualized times one minus the recovery rate; investment grade ratings carry no expected-loss deduction. Date columns in tables run newest to oldest, left to right. Plain-language register: technical terms are defined once on the Market Summary page and used consistently. Long-run medians and averages are shown as reference points. I do not assume reversion to a mean drawn from a period whose conditions differ from today's. Advice is stated in three stances (Overweight, Neutral, Underweight), defined on the Market Summary page. Window sensitivity of percentiles: that test was run on month-end data. Across start dates of 2000, 2003, 2007, 2011 and 2015 and evaluation months of July to September (month-end values), investment grade, BBB, high yield, BB and B stay below the 20th percentile; CCC ranges from the 59th to the 85th; the municipal index ranges from the 43rd to the 84th and agency MBS from the 13th to the 51st, so those two are stated as mid-range in the text rather than by a single percentile; the sub-325 basis point episode count is a month-end analysis as well. Period-over-period claims are checked by shifting the end date by one and two months and by varying the history window; a claim that does not survive is restated with its exact comparison (for example, 'largest since September 2022') rather than dropped. Sources: FactSet; ICE Data Indices; Federal Reserve; Federal Reserve Bank of New York; Mortgage Bankers Association; Trepp. Methods follow Opima Capital Management's internal quantitative conventions.

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Methods, Continued: The 2007 to 2009 Trim

Why the distribution statistics exclude the crisis extremes, which days are removed, and what it changes

THE RULE, THE REASON AND THE DAYS REMOVED

Distribution statistics (percentiles, deciles, ranges with exact dates, averages, medians and 75th percentiles, the Risk Table reference levels, the scatter sample and the regression sample) use these daily observations after one trim: for every series the mean and standard deviation are computed over the full daily sample from 3 January 2000 to the as-of date, all days included; within 1 January 2007 to 31 December 2009 only, observations more than two standard deviations from that full-period mean are dropped; every 2007 to 2009 observation within two standard deviations and every observation outside 2007 to 2009 is kept regardless of value. The reason is that the 2008 crisis extremes otherwise dominate the ranges (the untrimmed high yield spread high of 2,147 bp is almost twice the next highest reading) and compress every other observation into a narrow band of the bar. The rule is applied series by series (spread, yield to worst, duration, Treasury and TIPS yields, municipal ratios, the A-rated advantage), is applied the same way to every statistic, and is footnoted on every exhibit that uses the statistics with the days removed for that series. Headline values, changes and the time-series charts show every day; trimmed points are not drawn on the scatter. Days removed per series (of 6,748, 30 October 2026 sample): investment grade 216, AAA corporate 180, BBB 209, high yield 187, BB 208, B 171, CCC 149, municipal index 223, agency MBS 229, CMBS 277, ABS 271, municipal ratio proxy 17, CCC less BB gap 123, A over AAA municipal spread 127, A-rated advantage 0; none for the nominal Treasury yields and curve slopes, the 10-year AAA municipal ratio (series starts October 2023) or the high yield municipal index (starts December 2009). Market Summary rows not listed above: A-rated corp 244, AAA muni 226, AA muni 202, A-rated muni 179; TIPS (from 2003) 10-year 9 and 5-year 26; 10-year breakeven 126, 5-year breakeven 139.

BEFORE AND AFTER THE TRIM: HEADLINE MEASURES

Percentile = share of the sample below the 30 Oct 2026 reading, ties counted as half ; High = highest daily value in the sample. All days = untrimmed 3 Jan 2000 to the as-of date.

Measure	30 Oct 2026	Percentile, all days	Percentile, trimmed	Days removed	High, all days	High, trimmed
Investment grade OAS	94 bp	19th	19th	216 of 6,748	622 bp	401 bp
High yield OAS	344 bp	22nd	22nd	187 of 6,748	2,147 bp	1,120 bp
CCC OAS	1,327 bp	79th	81st	149 of 6,748	4,293 bp	2,578 bp
10-year Treasury	4.94%	90th	90th	0 of 6,722	6.79%	6.79%
10-year AAA municipal ratio (series from Oct 2023)	69%	63rd	63rd	0 of 754	85%	85%
CMBS OAS	124 bp	48th	50th	277 of 6,747	1,550 bp	495 bp

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Index history is not like-for-like. The ICE BofA indices change their mix of ratings, maturities and sectors over time, so a spread, percentile or range measured against history since 2000 reflects changes in what each index holds as well as changes in pricing. A spread that ranks as tight against earlier years may partly reflect a higher-quality or shorter index today.