Global Strategy

The AI Debt Financing Monitor: Supply Broadens, Dispersion Deepens

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Overview

Credit market capacity for AI financing is being put to the test in 2H 2026, raising the question of *how much* financing capacity debt markets can absorb. As outlined in our 2H 2026 outlook, the AI debt boom remains intact and we think that credit markets will continue to play an important role in financing it. However, the rapid increase in AI-linked debt issuance across investment-grade, high-yield, leveraged loan, and structured credit makes monitoring pricing and performance of new deals increasingly important.

As a follow up to our debut AI debt financing monitor, our September update provides a comprehensive overview of key indicators to monitor debt market capacity to absorb additional AI-related supply, including:

- **Issuance**: growth in tech issuance vs. last year and pricing of recent new deals
- **CDS**: spread levels and performance across key subsectors and vs. equities
- **IG Cash**: hyperscaler credit curves, oversubscription rates, relative value vs. AI-sensitive subsectors
- **Datacenters:** dispersion across Leveraged Finance markets
- **ABS**: prices, spreads and yields across recent datacenter-backed issuances

Key Conclusions:

- **The constraint on AI financing is not market capacity, but the price and terms at which that capacity clears:** Investors are not rejecting AI supply, but they *are* demanding higher compensation to absorb it.
- **AI credit is evolving into a security-selection market**: Spread performance across Hyperscalers, Semiconductors and Datacenters show material dispersion in issuer-level outcomes.
- **IG cash spreads were well behaved through September, but the long-end will be the clearest pressure point as the cycle matures**: Despite recent tightening, additional supply needs and higher rate volatility could result in steeper tech curves from here.

UBS View: We expect 1) continued investor selectivity and larger new issue concessions as the debt market sees a broadening in AI-linked supply 2) IG 10s30s tech curves to steepen further as rising capex comes back into focus amid higher rate volatility and 3) pressure on leveraged datacenter operators with floating-rate structures that are in an earlier stage of development amid a higher-for-longer rate backdrop.

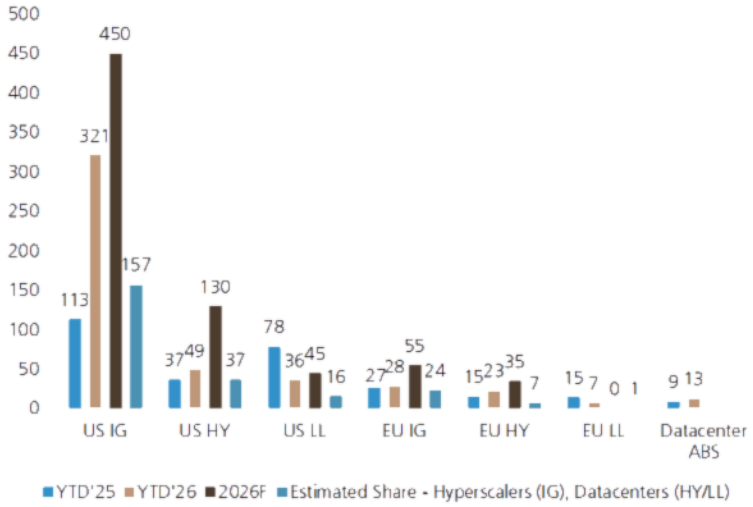
This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 15.**

Key Conclusions: Lighter IG Tech supply MTD has helped Cash and CDS spreads stabilize, but dispersion is elevated across all markets.

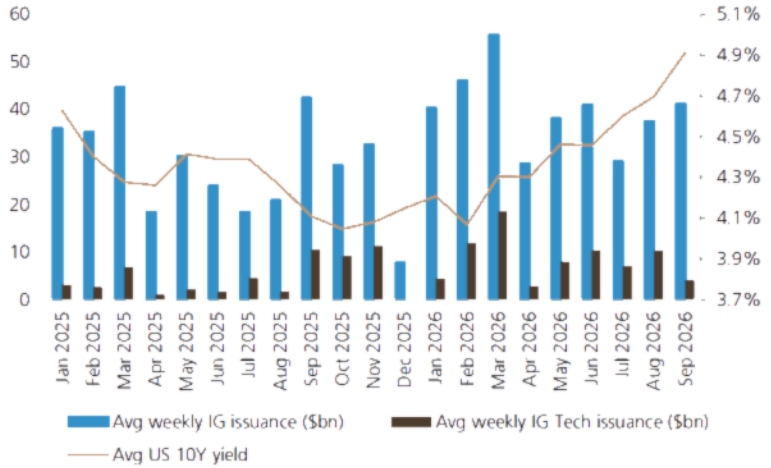
- **US IG continues to demonstrate capacity for AI-related financing but September Tech supply has underwhelmed so far:** Within tech, recent IG supply has broadened beyond hyperscalers into semiconductors, hardware and networking but higher long-end rate vol has kept September tech supply lighter than expected so far. HY datacenter deals were active, but performance has reflected selectivity.
- **CDS spread resilience masks dispersion beneath the surface**: Hyperscaler CDS were broadly stable and semiconductor spreads retraced from recent peaks, but performance varied materially by name.
- **The market is absorbing new supply but at wider clearing levels:** Repeat issuers have paid larger new-issue concessions as we had expected, but healthy order books indicate that investor demand is still available at the right price.
- **Duration remains the principal vulnerability within IG:** Long-end cash spreads have stabilized or tightened, but have not yet started to outperform, remaining more exposed to higher Treasury yields, rate volatility, and additional expected tech supply.
- **Datacenter credit performance is increasingly transaction-specific**: Tenant quality, project stage, permitting, lease structure, and tranche seniority are becoming key performance differentiators in HY, Loans, and structured credit.

AI Issuance Across Markets Has Mostly Been From IG: Higher rates have not prevented issuers from raising debt financing, but September tech supply has underwhelmed so far as long-end rate volatility persists.

YTD Tech Issuance across markets ($bn): Tech issuance increased by ~$20bn in US IG since the prior update but has remained relatively stable across other parts of credit due in part to late Summer seasonality, Labor Day, and the September Fed decision.



Higher rates have not stopped issuers from accessing the US IG market: The average weekly US IG issuance run rate in September is ~$41bn versus ~$38bn in August, despite higher Treasury yields. Tech, however, has not seen any notable mega deals this month with long-end rate volatility a headwind so far.



Source: Pitchbook LCD, Bloomberg, UBS

Tech Issuance Broadened Beyond Hyperscalers: Recent AI-linked deals have been led by Semiconductors, Hardware and Datacenters. We expect more diversification in tech supply into '27 as financing needs grow across a broader range of subsectors.

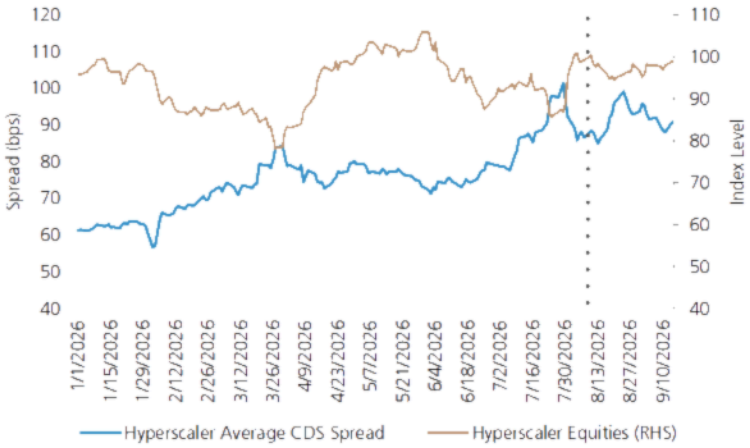
New Deals Added in Monitor Since Aug 10th Update: IG deal performance has held in firm, but HY performance has been weaker. ZENARC issued at a 9% yield with spreads widening nearly +140bps since issuance.

					Spread (bps)		
Issuer	Rating	Maturity	Amount Issued	Yield (%)	At Issue	Latest	Change
Semiconductors							
AMD	IG	1-3yr	1,250,000,000	4.6	43	36	-7
AMD	IG	3-5yr	1,500,000,000	5.0	70	58	-12
AMD	IG	5-10yr	1,000,000,000	5.3	80	74	-6
AMD	IG	5-10yr	1,000,000,000	5.5	90	90	0
Hardware / Networking							
DELL	IG	1-3yr	1,250,000,000	5.1	60	54	-6
DELL	IG	3-5yr	1,250,000,000	5.4	82	79	-3
DELL	IG	5-10yr	1,500,000,000	5.7	97	89	-8
DELL	IG	10-20yr	1,000,000,000	5.9	110	105	-5
Datacenters							
QTS	IG	3-5yr	3,900,000,000	7.2	286	202	-84
ZENARC	HY	3-5yr	2,250,000,000	9.0	467	605	138
CSRK	HY	3-5yr	2,276,000,000	8.2	338	338	0

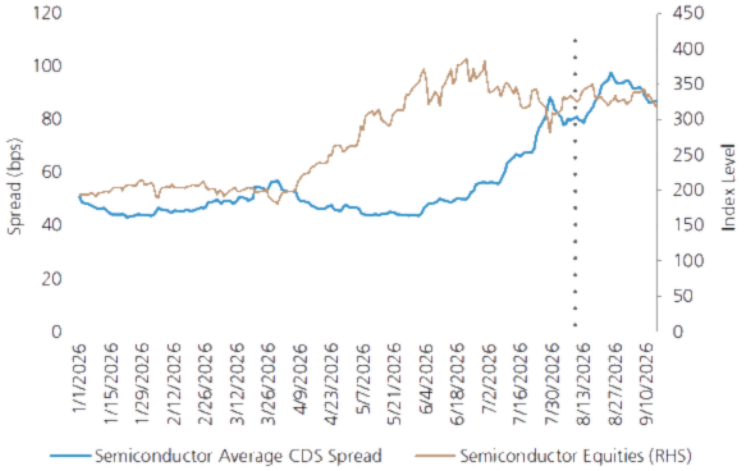
Source: Bloomberg, UBS

Credit vs. Equity Performance Diverge: Hyperscaler CDS spreads stayed stable while Semiconductor spreads are net wider since the last update, but off the peaks. Equities are modestly lower since August.

Hyperscalers: Spreads have been stable since August while equities are down ~1.4% over the same period though notable dispersion exists beneath the surface.



Semiconductors: Spreads are wider MoM but off the peaks while equities have underperformed vs. hyperscalers.



Source: Bloomberg, UBS

**Hyperscaler and Semiconductor equity performance reflects UBXXHYPE and UBXXSEMA baskets*

**Hyperscaler Avg CDS Spread reflects average spread of Microsoft, Meta, Alphabet, Amazon and Oracle*

**Semiconductor Avg CDS Spread reflects average spread of AMD, Broadcom, Intel and NVIDIA*

CDS Spreads Show Hyperscalers and Semis Tightening, Datacenters Widening: Performance by name has varied significantly driven by earnings, perceived monetization risks, and estimated growth in debt financing needs.

CDS spread performance across AI sensitive subsectors: MTD, spreads have tightened across hyperscalers and semiconductors but have widened on HY datacenters.

Avg Spread Level	IG				HY				Count	
	Spot	MTD	QTD	YTD	Spot	MTD	QTD	YTD	IG	HY
Hyperscalers	88	-5	9	26					5	0
Datacenter/Neocloud					462	10	122	14	0	2
Semiconductors Compute	81	-13	25	33	128	8	30	32	4	1
Networking, Servers, Storage	75	-1	3	-2					3	0
Electronics & Component Supply Chain	70	-3	6	-6					2	0
Power & Utilities	50	-1	5	0	91	-7	-12	-16	2	2
Datacenter Infrastrcutre / Industrials	21	1	-1	-4					2	0

Spread differentiation is evident at a name level: In Hyperscalers, Oracle and Meta have outperformed while Amazon and Alphabet have underperformed MTD. In Semiconductors, Nvidia and Broadcom have widened since the August update but have rallied off the wides since earnings.

	Spread Level (bps)		Spread Change (bps)			
Hyperscalers	Prior Update	17-Sep	Since Last Update	MTD	QTD	YTD
Oracle Corp	190	189	-1	**-14**	19	45
Meta Platforms Inc	83	82	-1	**-11**	10	26
Amazon.com Inc	55	64	9	-2	8	28
Alphabet Inc	55	62	8	2	7	24
Microsoft Corp	46	44	-2	-2	2	9
Average	**86**	**88**	**3**	**-5**	**9**	**26**
Average ex ORCL	**60**	**63**	**3**	**-4**	**8**	**23**
Datacenter/Neocloud						
CoreWeave Inc	708	811	103	22	259	41
Iron Mountain Inc	125	114	-11	-2	-16	**-13**
Average	**417**	**462**	**46**	**10**	**122**	**14**
Semiconductors/Compute						
Amkor Technology Inc	127	128	1	8	30	32
Broadcom Inc	88	100	13	-24	35	59
Advanced Micro Devices Inc	77	78	2	-15	32	37
NVIDIA Corp	67	74	7	**-9**	26	32
Intel Corp	76	73	-2	-2	7	3
Average	**87**	**91**	**4**	**-8**	**26**	**33**

Source: Bloomberg, UBS

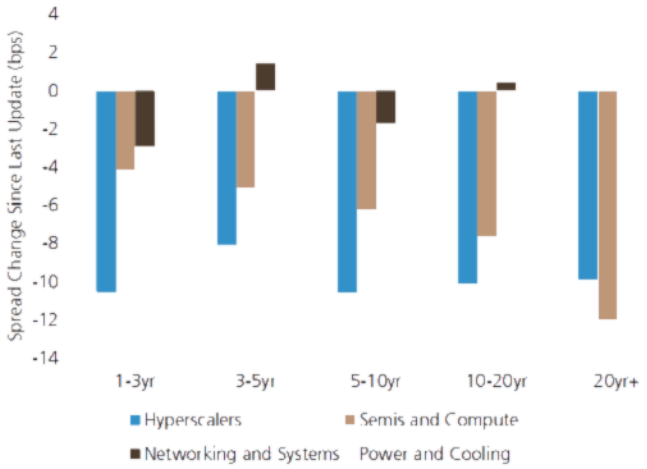
*CDS Issuers included in Appendix

*Spread levels as of 17th Sept 2026, reflecting an average of names that have an associated CDS market.

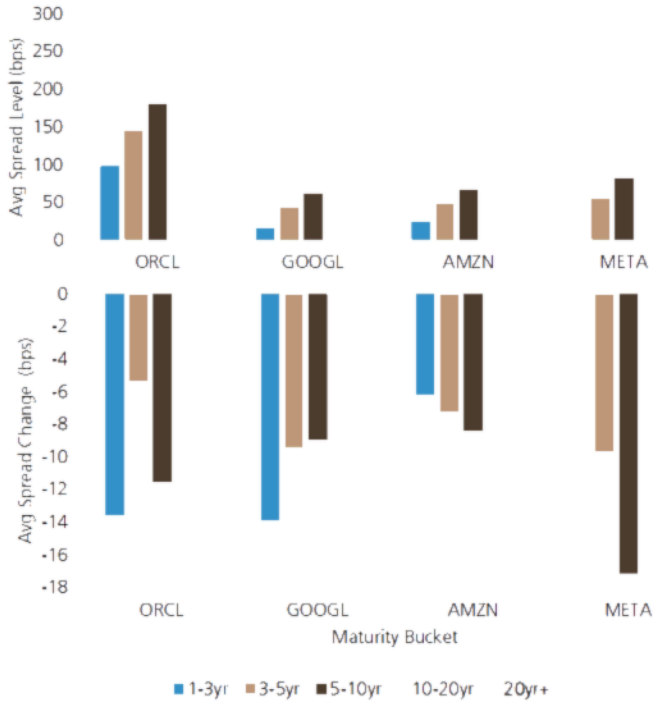
*Prior update was on Aug 10th 2026

IG Cash Spreads Tightened Since August Led by Hyperscalers and Semiconductors: Recent earnings have underscored the case for AI monetization and limited long-end supply has supported spread performance…

IG Cash Credit Curve Performance Across AI-Linked Subsectors: Since the August update, Semiconductor credit curves have bull flattened, Hyperscalers have tightened uniformly, while Power/Cooling and Networking has been relatively stable across tenors.



IG Hyperscalers: Average Spread Levels by Name and Tenor (Top) and Average Spread Performance Since Aug 10 update (bottom): Hyperscaler cash credit curve performance has been mixed by name, with Google/Meta steepening modestly and Amazon/Oracle flattening. Meta performance has been more idiosyncratic.



Source: Bloomberg, UBS

*Hyperscalers include Meta, Alphabet, Amazon and Oracle

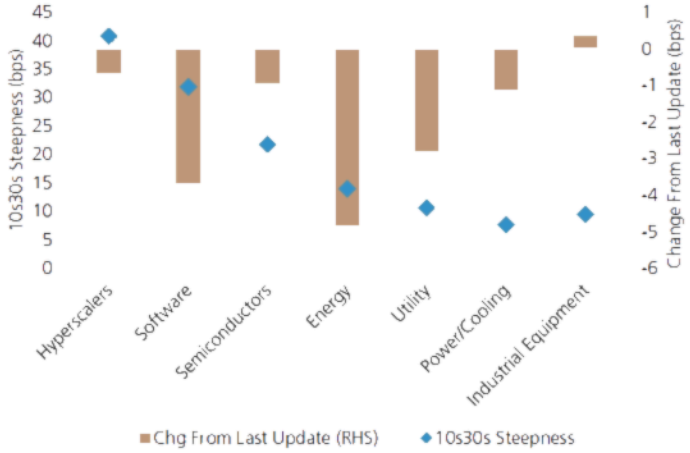
*Semis include AMD, Broadcom and NVIDIA

*Networking and Systems include HP, Dell, Marvell Technology

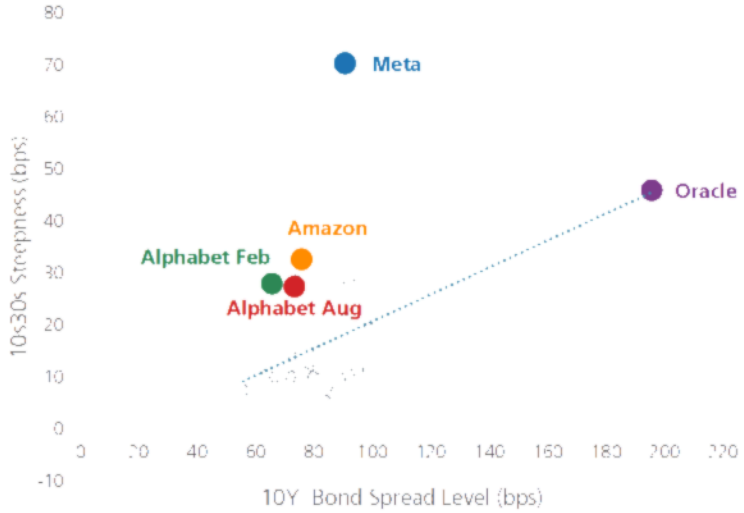
*Power and Cooling includes Vistra, NextEra Energy, Vertiv, Eaton Corporation

...Despite Tightening in IG Cash Spreads, Hyperscaler Curves Did Not Flatten: Hyperscaler cash curves still trade materially steeper than other AI-sensitive subsectors and the back-end has not outperformed.

10s30s Credit Curves on Multi-Tranche Issuances YTD Across AI-Sensitive Sectors: Hyperscaler bonds issued this year continue to trade at an above-average 10s30s steepness of roughly 41bps which is little changed from last month. Since last update, curves have flattened on Software, Energy and Utilities with Hyperscalers, Semis and Industrials relatively unchanged.



Curve Steepness Varies by Name: Nearly all hyperscalers trade steep vs. the level implied by their 10y bond spread with significant variation by name. Meta curves have steepened further since last month, while Alphabet's August issuance trades at similar steepness to its Feb deal.



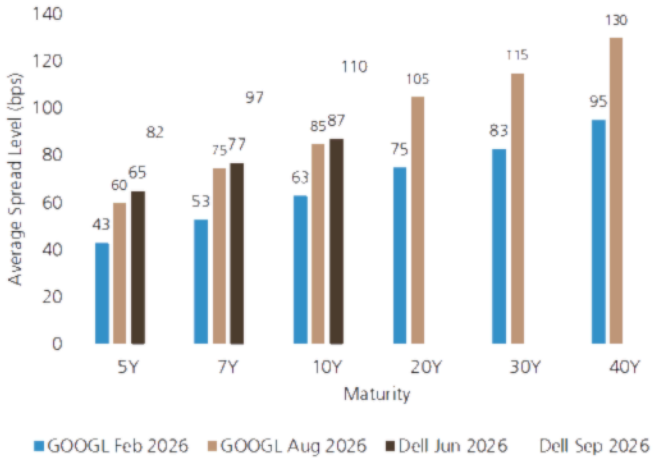
Source: Bloomberg, UBS

*Bond Issuers included in Appendix; 10s30s pairs include a sample of issuers that have brought multi tranche deals to market this year

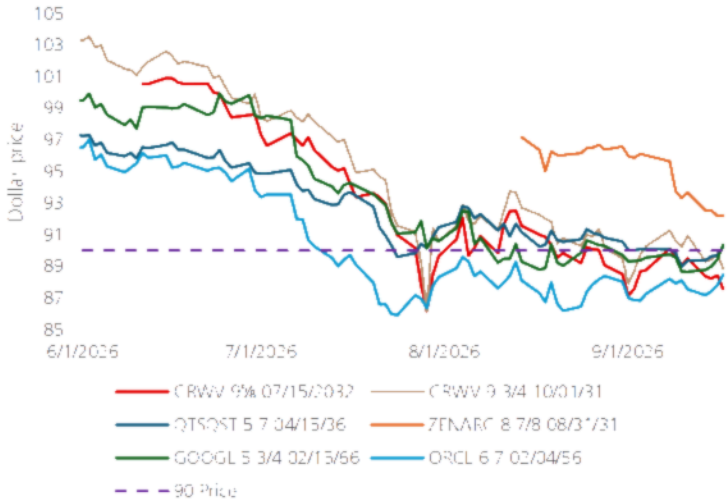
*Note. Microsoft not included in scatterplot due to no issuance YTD at the time of publication

Repeat issuers have priced debt at wider spreads: Price-action through Summer shows the market remains most selective in HY datacenters and long-dated hyperscaler bonds.

Maturity-matched spreads at issuance for repeat issuers: For comparable maturities, new-issue spreads were ~26% wider for Dell and ~ 40% wider for Alphabet vs. their earlier 2026 transactions. Still, deal subscription levels have stayed at a healthy 3-5x in August, showing that investor demand for issuance at wider spreads is still strong at the right level.



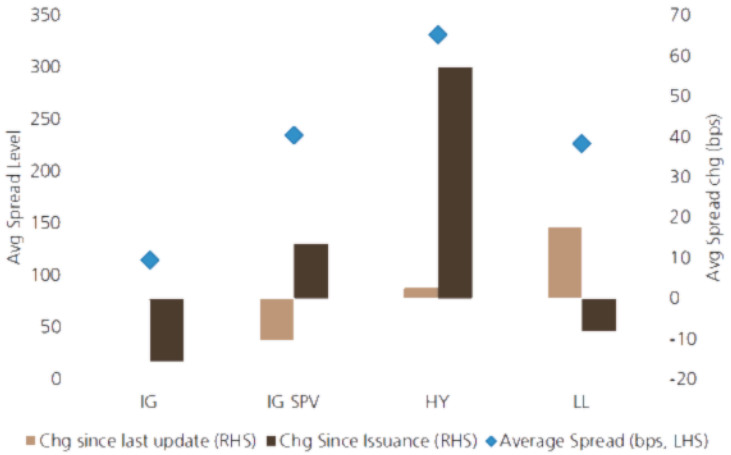
Price-Action Has Been Weaker in HY Datacenters and Long Duration IG: HY datacenter price performance remains highly name-specific, with project-level risks still the key differentiating factor (ex. ZENARC traded down to 92c post-issuance on a permit denial). Some long-end IG hyperscaler bonds are also trading below 90c as duration comes under pressure with higher rates.



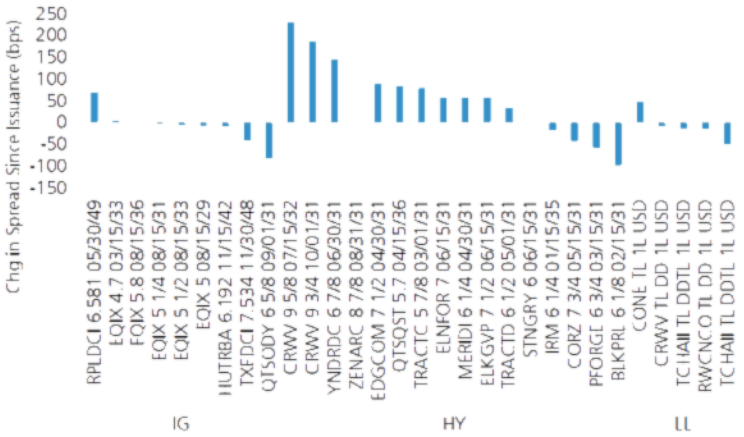
Source: Pitchbook LCD, Bloomberg, UBS

Datacenter Performance Shows Dispersion Persisting: Secondary performance varies substantially across markets and deal, reflecting differences in tenant quality, project stage and lease structure.

Datacenter/Neocloud bond performance across markets: Spreads were stable since last update across most markets, though Leveraged Loan deals underperformed since last month as higher rates weigh on floating-rate interest burden for leveraged, capital-intensive borrowers.



Datacenter/Neocloud dispersion is highest in HY: Performance is consistent with greater investor differentiation by tenant quality, development stage, and lease structure. Projects that are closer to completion have held in firmer, while the recently issued ZENARC is one of the larger underperformers in our sample.



Source: Bloomberg, UBS

*IG SPV structures include Blue Owl/Beignet deal from October 2025, and BlackRock / Meta deal in July 2026

Structured Credit Performance Partially Reversed Since Last Month: Performance of new deals gave back some gains since August with non-AAA tranches underperforming in spread.

Average Prices, Yields and Spreads on 2026 ABS Issuance Linked to Datacenters: Datacenter ABS spreads performance has been more mixed over the past month, with spreads on BBB rated tranches underperforming since last update. Higher rates, thinner end-of-Summer liquidity, and expectations for more future issuance have all contributed.

	Level			Chg Since Issuance			Chg Since Last Update		
Tranche	Price	Yield (%)	Spread (bps)	Price	Yield (bps)	Spread (bps)	Price	Yield (bps)	Spread (bps)
AAA	97.3	6.1	127.0	-2.7	68.3	-1.4	-1.6	39.9	1.0
AA	96.9	6.5	167.7	-3.1	78.2	3.7	-1.9	48.7	10.2
A	96.9	6.6	181.1	-2.9	79.7	-16.4	-1.6	44.1	5.5
BBB	97.0	7.7	291.6	-3.0	81.4	-5.1	-2.0	55.9	17.1

**Last Update on Aug 10 2026*

Source: Bloomberg, UBS

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更多资料请加V

Appendix

List of CDS Issuers Included in CDS Basket

Issuer Name	Subsector
Alphabet Inc	Hyperscalers
Amazon.com Inc	Hyperscalers
Meta Platforms Inc	Hyperscalers
Microsoft Corp	Hyperscalers
Oracle Corp	Hyperscalers
CoreWeave Inc	Datacenter/Neocloud
Iron Mountain Inc	Datacenter/Neocloud
Advanced Micro Devices Inc	Semiconductors Compute
Amkor Technology Inc	Semiconductors Compute
Broadcom Inc	Semiconductors Compute
Intel Corp	Semiconductors Compute
NVIDIA Corp	Semiconductors Compute
Cisco Systems Inc/California	Networking, Servers, Storage
Dell Inc	Networking, Servers, Storage
Seagate Technology HDD Holdings	Networking, Servers, Storage
Avnet Inc	Electronics & Component Supply Chain
Arrow Electronics Inc	Electronics & Component Supply Chain
Dominion Energy Inc	Power & Utilities
NextEra Energy Capital Holdings Inc	Power & Utilities
NRG Energy Inc	Power & Utilities
Vistra Operations Co LLC	Power & Utilities
Caterpillar Inc	Datacenter Infrastructure / Industrials
Honeywell International Inc	Datacenter Infrastructure / Industrials

Appendix

List of YTD multi-tranche IG Cash issuers included in 10s30s Credit Curve slide

Issuer	AI Sensitive Subsector
Alphabet Inc	Hyperscalers
Amazon.com Inc	Hyperscalers
Meta Platforms Inc	Hyperscalers
Oracle Corp	Hyperscalers
IBM Corp	Software
Salesforce Inc	Software
Servicenow Inc	Software
Broadcom Inc	Semiconductors
Intel Corp	Semiconductors
Nvidia Corp	Semiconductors
Baker Hughes Llc/Co-Obl	Energy
Cheniere Energy Inc	Energy
Cheniere Energy Partners	Energy
Energy Transfer LP	Energy
Mplx LP	Energy
Transcont Gas Pipe Line	Energy
Williams Companies Inc	Energy
Con Edison Co of Ny Inc	Utility
DTE Electric Co	Utility
Duke Energy Carolinas	Utility
Entergy Arkansas Llc	Utility
Entergy Louisiana Llc	Utility
Florida Power & Light Co	Utility
Northern States Pwr-Minn	Utility
Oncor Electric Delivery	Utility
Pacific Gas & Electric	Utility
San Diego G & E	Utility
Southwestern Elec Power	Utility
Southwestern Public Serv	Utility
Union Electric Co	Utility
Virginia Elec & Power Co	Utility
Wisconsin Electric Power	Utility
Eaton Corp	Power/Cooling
Ge Vernova Inc	Power/Cooling
Vertiv Holdings Co	Power/Cooling
Honeywell Aerospace Inc	Industrial Equipment

Valuation Method and Risk Statement

Equity market returns are influenced by corporate earnings, interest rates, risk premia, as well as other variables influenced by the business cycle. The outlook for any and all of these variables is subject to change.
Risks of multi-asset investing include but are not limited to market risk, credit risk, interest rate risk, and foreign exchange risk. Correlations of returns among different asset classes may deviate from historical patterns. Geopolitical events and policy shocks pose risks that can reduce asset returns. Valuations may be adversely affected during times of high market volatility, thin liquidity, and economic dislocation.
Risks include macroeconomic variables (such as GDP growth rates and inflation), economic slowdown, a weakening currency, global economic events, and government policy changes. Our quantitative models rely on reported financial statement information, consensus earnings forecasts and stock prices. Errors in these numbers are sometimes impossible to prevent (as when an item is mis-stated by a company). Also, the models employ historical data to estimate the efficacy of stock selection strategies and the relationships among strategies, which may change in the future. Additionally, unusual company-specific events could overwhelm the systematic influence of the strategies used to rank and score stocks. Past performance is not a guarantee of future performance.
Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. All foreign options discussed in this note are 'over-the-counter.'
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