



The AI Credit Bill Has Two Names on It

AI-linked issuers sold about \$121bn of bonds in 2025 to fund the build-out. Four independent signals now agree on who is paying for it: one name is priced for real default risk, one is the name to watch, and six are ordinary investment-grade credit.

\$121bn

Bonds sold by hyperscaler and AI-linked issuers in 2025, more than \$90bn of it in the fourth quarter alone

60% to 67%

CoreWeave's market-implied 5-year default probability, the only name of the eight below investment grade

5% to 13%

The same measure for six of the eight names: ordinary investment-grade credit, widening off a low base

THE FINDING IN ONE LINE

The AI build-out is now a credit story, but not a sector-wide one: stress sits where the financing has been heaviest and most recent, and everywhere else spreads are widening off a low base.

Three Horizons Capital, Portfolio Analytics. Bond spreads and equity returns from 3HC data to 15 October 2026; credit default swap levels from public market reporting, 15 to 19 October 2026. US dollars.

01 The money came first

Hyperscaler and AI-linked issuers sold about \$121bn of bonds in 2025, more than \$90bn of it in the fourth quarter alone. Squeezing that much financing into a few months is part of why credit default swap markets on several of these names went from illiquid to actively traded inside a single year.

ISSUER	2025 TO 2026 FINANCING	SIZE
Meta	Corporate bond, Oct 2025, six tranches	\$25bn
Meta	Data-centre joint venture, project financing, separate legal entity	\$27bn
Oracle	Return to the bond market, Sep 2025	\$18bn
Alphabet	Euro bond market, Nov 2025, 2028 to 2039 maturities	\$7.7bn
Amazon	Trailing 12 months to Jul 2026	about \$107bn
CoreWeave	High-yield bonds, 9.25% to 9.75% coupons, 2030 to 2032	\$7.75bn

Two of these financings sit largely outside the corporate bond market. Meta's \$27bn joint venture is a separate legal entity. CoreWeave's four tracked bonds total \$7.75bn against a reported total debt load of about \$50bn to \$52bn; most of the balance is equipment and project financing that bond-market data does not see.

Nvidia, Broadcom and SK Hynix have not needed debt at the same scale. Nvidia has 13 bonds outstanding, mostly issued before 2025. The two heaviest stress readings in this paper sit with CoreWeave and Oracle, both of which borrowed in size in 2025. That is an observation across eight names, not a tested causal link, but it points to where to look next.

02 Part of every record is a market that barely existed

Before reading spread levels, note that liquid single-name credit default swaps on most of these names are themselves new.

ISSUER	WHEN THE MARKET FORMED
Nvidia	Active 5-year trading began Nov 2025; added to the main US investment-grade index in 2026
Oracle	A dormant market reactivated in Sep 2025; by Dec 2025 at levels not seen since 2009
Meta, Alphabet	Added to the main US investment-grade index in Mar 2026
CoreWeave	Trading followed its Mar 2025 listing and high-yield issuance; a thin reference base
SK Hynix	US dollar quotes too thin to use

One credit strategist observed that swaps on several of these names did not exist a year earlier and had become some of the most actively traded US derivatives outside financials.

SO WHAT

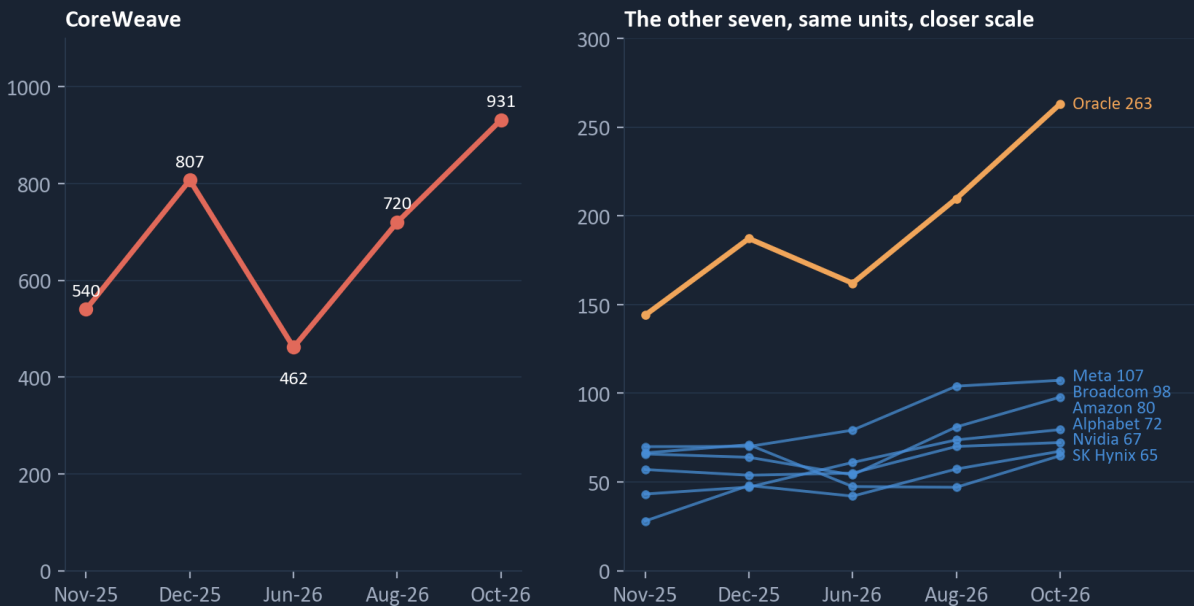
A record set against two years of history is not the same signal as a record set against twenty. Spread levels are informative; the history behind several of them is short, especially for CoreWeave and Nvidia.

03 Our own bond data confirms the shape

3HC holds no single-name credit default swap history. To give a trajectory we can verify, we took the median option-adjusted spread across each issuer's tracked US dollar bonds at the five turning points since the November 2025 baseline.

Spreads widened across the group into October, with Oracle pulling away from the pack

Median option-adjusted spread, basis points, at the five turning points since the Nov 2025 baseline

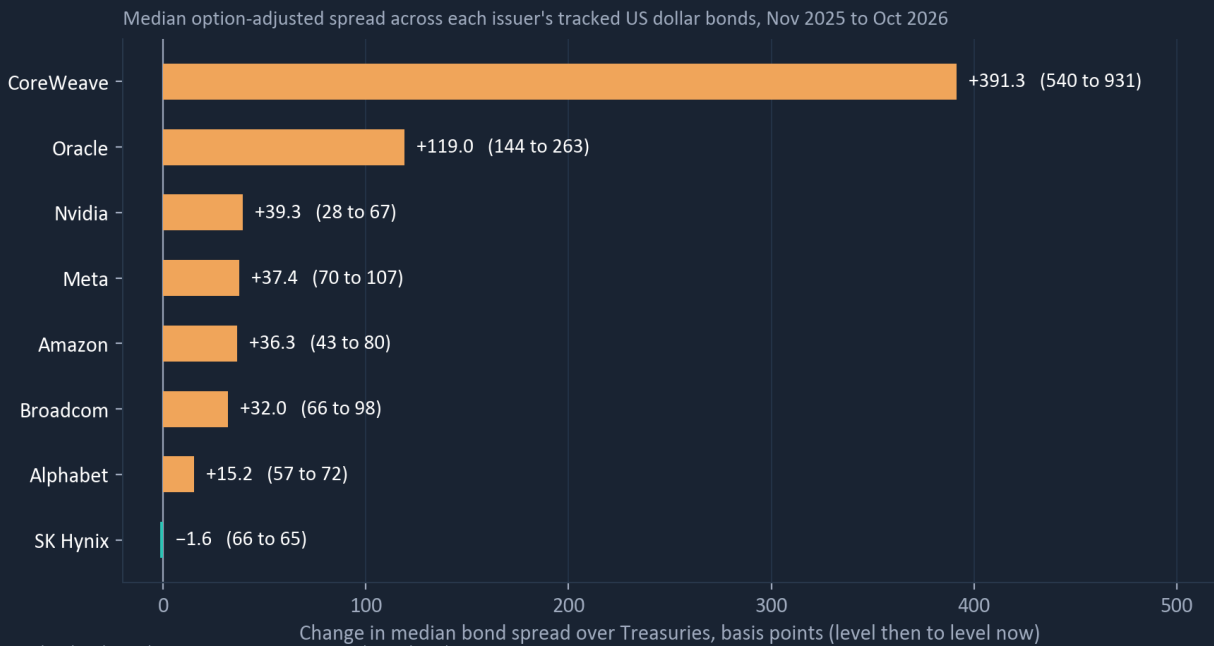


Source: 3HC bond analytics, data to 15 Oct 2026.

ISSUER	NOV-25	DEC-25	JUN-26	AUG-26	OCT-26	CHANGE, BPS
CoreWeave	540.1	807.1	461.5	720.0	931.4	+391.3
Oracle	144.0	187.2	162.0	209.7	263.0	+119.0
Nvidia	28.0	48.0	42.0	57.3	67.3	+39.3
Meta	69.9	70.0	79.2	104.0	107.3	+37.4
Amazon	43.2	47.1	61.0	73.7	79.5	+36.3
Broadcom	65.8	63.9	54.0	81.0	97.8	+32.0
Alphabet	57.0	53.8	55.0	70.0	72.2	+15.2
SK Hynix	66.4	71.0	47.4	47.0	64.8	-1.6

CoreWeave's spread rose 391bps to 931bps, up 72%. Oracle's rose 119bps to 263bps, up 83%, by far the largest move among the investment-grade names. The other six stayed within 40bps of where they started: Nvidia, Meta, Amazon and Broadcom widened by 32bps to 39bps, Alphabet by 15bps, and SK Hynix tightened by 1.6bps. Nvidia's spread is up 140%, but from 28bps, the tightest starting point in the group.

Two names carry the widening; the other six stayed within 40 basis points of where they started



The credit default swap levels reported in mid-October line up with our bond spreads on direction and ranking. The two are different instruments, so we use the bond series to corroborate the shape, not as a substitute.

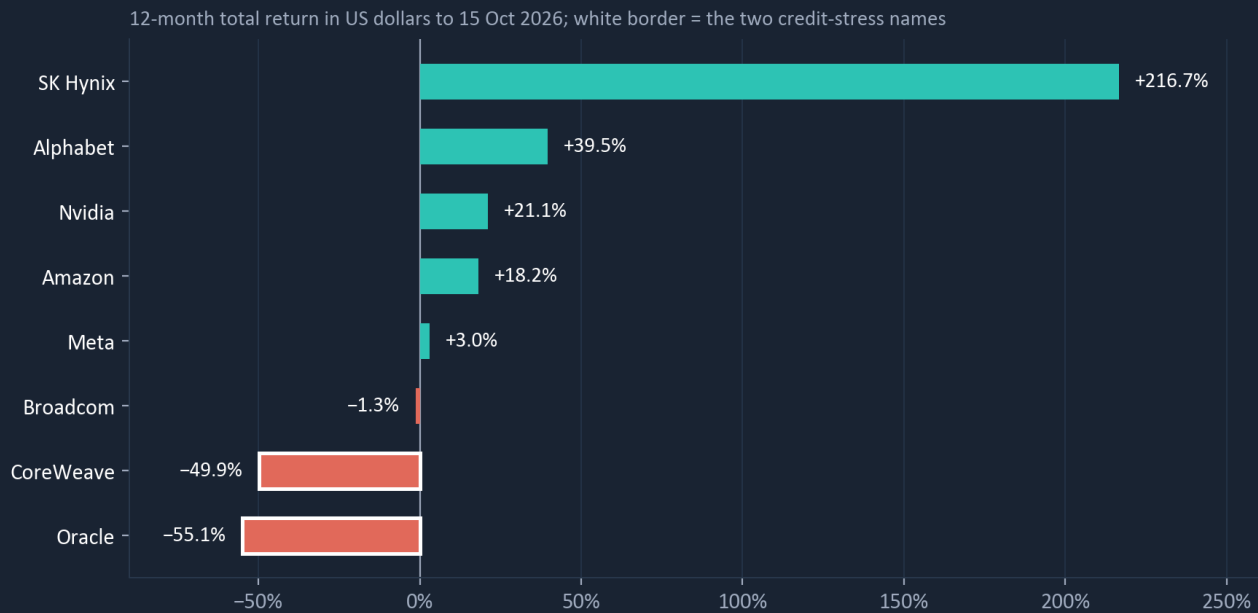
ISSUER	CREDIT DEFAULT SWAP, MID-OCT	STATUS	BOND SPREAD, BPS
CoreWeave	Above 1,000bps, through 1,100bps intraday	Record	931
Oracle	288bps	Record; widest since 2009	263
Broadcom	136bps, up from a 122bps record in Aug	Consecutive records	98
Meta	About 105bps	Record for the name	107
Nvidia	About 90bps, up from about 40bps in early June	Fast four-month widening	67
Alphabet	Reported at record levels	No confirmed quote	72
Amazon	Reported at record wide levels, widening more slowly	No confirmed quote	80
SK Hynix	No reliable US dollar quote	Not used	65

For scale, the main US investment-grade credit default swap index sat at about 62bps.

04 Equity tells the same story

The equity market, read independently, ranks the eight names the same way credit does. The two names with the widest and fastest-moving spreads have the worst returns, the highest volatility and the deepest drawdowns.

The two names under credit stress are also the two worst equities



Source: 3HC equity database, dividend and split adjusted.

ISSUER	24 MONTHS	12 MONTHS	SINCE NOV-25	1 MONTH	VOLATILITY, 24M	LARGEST FALL, 24M
Alphabet	+112.6%	+39.5%	+23.4%	+1.2%	31.9%	-29.8%
Amazon	+35.7%	+18.2%	+0.3%	+2.6%	34.0%	-30.9%
Broadcom	+99.0%	-1.3%	-4.3%	+1.7%	52.2%	-41.2%
CoreWeave	+74.2% ¹	-49.9%	-44.8%	-13.9%	111.0%	-66.9%
Meta	+26.5%	+3.0%	+15.9%	+10.0%	39.4%	-34.2%
Nvidia	+65.5%	+21.1%	+5.3%	+2.4%	43.9%	-36.9%
Oracle	-20.9%	-55.1%	-47.2%	-3.9%	57.9%	-64.6%
SK Hynix	+572.9% ²	+216.7%	+117.0%	-24.4%	75.2%	-51.1%

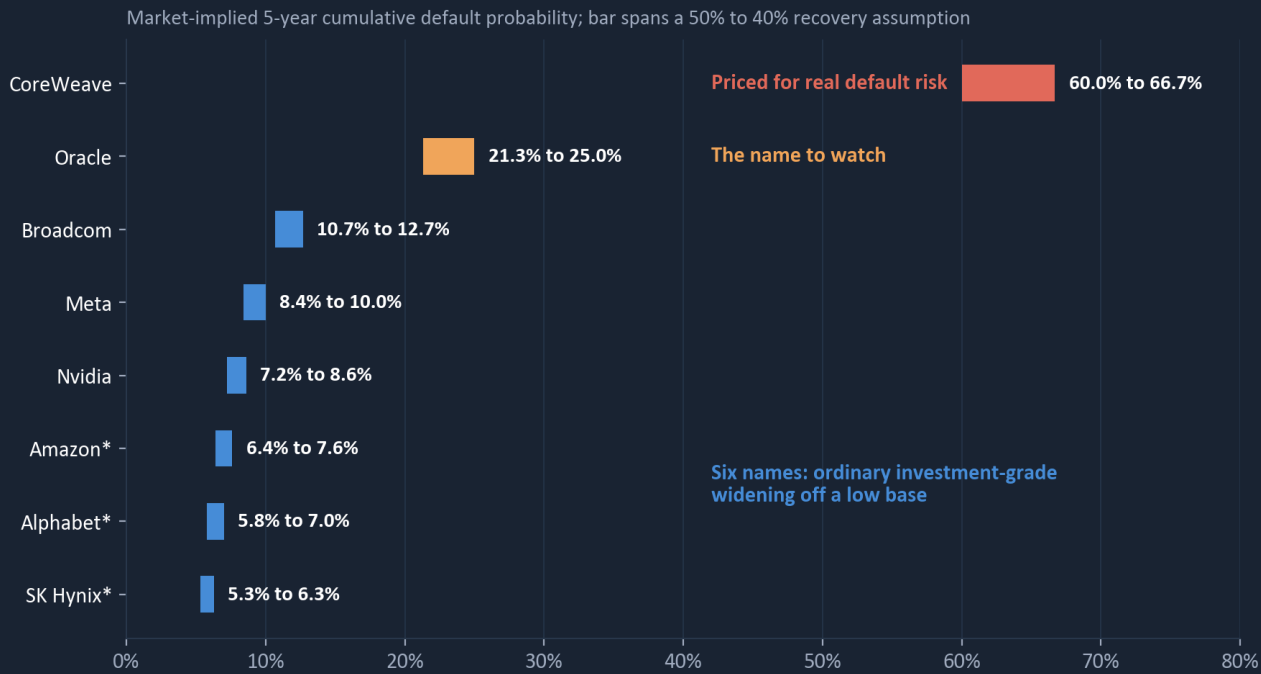
¹ CoreWeave listed on 28 March 2025; its 24-month figure is its full trading history, about 19 months. ² SK Hynix is the return on its local shares, converted to US dollars. Total return in US dollars, dividend and split adjusted, to 15 October 2026.

Oracle and CoreWeave are the two names whose equity has de-rated over the past year, by 55.1% and 49.9%. SK Hynix is the opposite case: up 572.9% over two years on demand for AI memory, with the sharpest one-month pullback in the set at 24.4%. That is a volatile re-rating, not a credit signal. Alphabet, Amazon, Meta and Nvidia are up over both 12 and 24 months; Broadcom is up 99.0% over two years but has stalled over the last twelve.

05 What the market implies about default

A credit spread can be turned into a market-implied probability of default. We use the standard approximation, $PD(5y) \approx 1 - \exp(-spread \times 5 / (1 - recovery))$, with a recovery rate of 40% and 50%, the usual range for senior unsecured corporate debt.

One name is priced for default, one is the name to watch, six are ordinary credit



* Bond spread proxy, no reliable credit default swap quote. Spreads to 15 Oct 2026. Source: 3HC bond analytics; public market reporting for credit default swaps.

ISSUER	SPREAD USED, BPS	SOURCE	PD 5Y, RECOVERY 50%	PD 5Y, RECOVERY 40%
CoreWeave	1,100	Credit default swap	66.7%	60.0%
Oracle	288	Credit default swap	25.0%	21.3%
Broadcom	136	Credit default swap	12.7%	10.7%
Meta	105	Credit default swap	10.0%	8.4%
Nvidia	90	Credit default swap	8.6%	7.2%
Amazon	79.5	Bond spread proxy	7.6%	6.4%
Alphabet	72.2	Bond spread proxy	7.0%	5.8%
SK Hynix	64.8	Bond spread proxy	6.3%	5.3%

CoreWeave's 60% to 67% sits in a different place from the rest of the group. Oracle's 21% to 25% is a clear second tier. The other six sit between 5% and 13%. These are order-of-magnitude readings, not precision estimates: moving the recovery assumption across the 40% to 50% range shifts each figure by 5 to 7 points.

06 Four signals, one read, name by name

Ratings, bond spreads, credit default swaps and equity were read separately. They agree.

ISSUER	BOND SPREAD NOW, CHANGE	CREDIT DEFAULT SWAP	EQUITY, 12M	IMPLIED PD, 5Y	READ
CoreWeave	931bps, +72%	Above 1,000bps	-49.9%	60% to 67%	Real default risk
Oracle	263bps, +83%	288bps	-55.1%	21% to 25%	The name to watch
Broadcom	98bps, +49%	136bps	-1.3%	11% to 13%	Moderate, rising
Meta	107bps, +54%	About 105bps	+3.0%	8% to 10%	Ordinary investment grade
Nvidia	67bps, +140%	About 90bps	+21.1%	7% to 9%	Ordinary investment grade
Amazon	80bps, +84%	No confirmed quote	+18.2%	6% to 8%	Ordinary investment grade
Alphabet	72bps, +27%	No confirmed quote	+39.5%	6% to 7%	Ordinary investment grade
SK Hynix	65bps, -2%	No reliable quote	+216.7%	5% to 6%	A divergence, not a credit story

CoreWeave: real risk, not a reach. The only name below investment grade (B/B1). Its bond spread is at a 24-month high, its swaps imply a 60% to 67% chance of default over five years, and its equity is down 49.9% over a year with 111.0% volatility. Only \$7.75bn of a reported \$50bn to \$52bn of debt is visible in the bond market. All four signals moved the same way on their own; the thin four-bond base limits precision on size, not on direction.

Oracle: the name to watch, not yet a default-risk name. Still BBB/Baa2, but the largest spread move among the investment-grade names, swaps at their widest since 2009, and equity down 55.1% over a year from its September 2025 peak. It is driven by the same financing dynamic as CoreWeave, from a far stronger starting rating.

Broadcom: moderate and rising. Consecutive swap records and a bond spread up 49%, but not a distress level.

Meta, Nvidia, Alphabet and Amazon: real, synchronized, off a low base. Positive returns over 12 and 24 months, the lowest volatility in the set at 32% to 44%, and implied default probabilities of 6% to 10%, consistent with solid investment-grade credit. Some of the record framing reflects new markets setting records against almost no history.

SK Hynix: a divergence. Its bond spread has narrowed over the period and no reliable swap quote points to elevated risk, while its equity is the most volatile re-rating in the set. This is a memory-cycle story, not a credit story.

07 What changes for a portfolio

AI credit is not one exposure. The same eight issuers sit in equity books, investment-grade indices and, increasingly, private and project financing, and the market is pricing them in three distinct tiers.

- **Look through to the issuer across every sleeve.** An equity position, an index bond holding and a private financing in the same name are one exposure. A manager needs one view of the issuer, not three.
- **Read issuance as an early signal.** The stress sits where the 2025 financing was heaviest and most recent. Track who is borrowing, how, and off whose balance sheet, not only where spreads close.
- **Separate market structure from credit.** Set each swap level against its own short history and against the issuer's bond spreads before treating a record as a warning.
- **Size what the bond market cannot see.** For CoreWeave, \$7.75bn of tracked bonds sits against a reported \$50bn to \$52bn of debt. Equipment and project financing needs its own lens.

- **Hold tiers, not a sector call.** One name priced for default, one to watch and six ordinary credits call for three different responses in portfolio construction, risk limits and client reporting.

08 What we measured

- **Bond spreads:** median option-adjusted spread across each issuer's tracked US dollar bonds, 3HC bond analytics, at five dates from November 2025 to 15 October 2026. Two Broadcom bonds with anomalous negative readings are excluded as pricing artefacts. CoreWeave has 4 tracked bonds and SK Hynix 13, so their readings are more sensitive to single trades.
- **Credit default swaps:** from public market reporting dated 15 to 19 October 2026; directionally reliable, not tick-precise. 3HC holds no proprietary swap history. Bond spreads corroborate shape and ranking; the two instruments differ in liquidity and technical drivers.
- **Default probability:** $PD(5y) \approx 1 - \exp(-\text{spread} \times 5 / (1 - \text{recovery}))$, a reduced-form approximation with a flat hazard rate. Recovery of 40% and 50%; the result moves by 5 to 7 points across that range. Alphabet, Amazon and SK Hynix use the bond spread because no reliable swap quote was found, which adds instrument uncertainty.
- **Equity:** total return in US dollars, dividend and split adjusted, 3HC equity database, to 15 October 2026.
- **Issuance:** from public reporting. Bond face-value totals in our data cover US dollar and limited Canadian dollar tranches only.
- This paper is research, not investment advice, and makes no recommendation on any security.

If this is useful

This read joins four independent data sets on one platform: issuance, bond spreads, credit default swaps and equity, across eight issuers. If you run credit, multi-asset or equity books with exposure to the AI build-out and want the same look-through on your own holdings, talk to us at threehorizonscapital.com.