Tellaro Capital Partners
INSTITUTIONAL PRIVATE CREDIT · LOWER MIDDLE MARKET

WEEKLY MARKET MONITOR
CREDIT MARKET INTELLIGENCE

Weekly Market Monitor

WEEK ENDING NOVEMBER 13, 2026

November 13, 2026

Vol. 3 · No. 46

MM Credit Conditions Index™ **62 · Favorable**

TELLARO WEEKLY VIEW

A rates shock, not a credit shock: hot CPI locked the December hike and put a half-point move on the table, yet spreads did not flinch. October CPI, released November 10th, rose 0.4% at the headline and 0.3% at the core, the third straight 0.3% core print and the level Governor Waller named as the trigger for weighing a half-point hike. Treasury yields posted their steepest weekly jump since April 2025: the 2-year rose 34 basis points to 4.86%, the 10-year 23 to 5.10%, the 30-year to 5.43%. A December hike is fully priced, with 50 basis points now near 15% from 1% before the data. Credit did not move: high yield OAS held at 330 basis points and investment grade tightened to 89. The entire repricing sits in the risk-free curve. For lower-middle-market lenders the base rate is rising again, possibly to 4.25-4.50% by year-end, while spreads add no cushion. Underwrite to a higher base rate, defend coverage, and hold seniority.

CREDIT CONDITIONS DASHBOARD

LEVEL · CONTEXT · OBSERVATION DATE

RATES & CURVE

Fed funds target	**3.75-4.00%**	held October 27th-28th; 10-2
SOFR (overnight)	**~3.90%**	EFFR ~3.88%; within target range
2Y Treasury	**4.86%**	November 12th; +34 bp w/w
10Y Treasury	**5.10%**	November 12th; +23 bp; back above 5%
30Y Treasury	**5.43%**	November 12th; +16 bp w/w
Dec hike pricing	**25 bp priced**	50 bp ~15% (was ~1% pre-CPI)

PUBLIC CREDIT

IG OAS	**89 bp**	November 12th; tighter w/w
HY OAS	**330 bp**	November 11th; little changed
HY-IG quality gap	**241 bp**	above ~220 avg; flat
HY index yield	**~8.2%**	approximate; rate-driven

DEFAULT & RECOVERY

BSL lev-loan default	**1.4%**	by amount, LTM; Morningstar LSTA (approx.)
KBRA MM default	**3.6% / 2.4%**	Q3; by count / by debt
Lower-MM default	**5.8%**	Q3; by count and by debt
First-lien recovery	**70 to 80c**	historical average, not current

PRIVATE CREDIT / MIDDLE MARKET KBRA Q3, Nov 5

MM gross leverage	**6.2x**	Q3; first rise in 2+ years
MM interest coverage	**1.6x**	Q3; held steady
MM EBITDA growth	**23% CAGR**	Q3; slowing
CCC+ new assessments	**31%**	Q3 record; 19% in Q2
Unitranche all-in yield	**~9.3%**	new-issue; rises with a hike (approx.)
Direct lending spread	**~S+525**	core MM unitranche (approx.)

ACTIVITY & TECHNICALS

US PE dry powder	**~$1.1Tn**	Preqin range (approx.)
PE fundraising (Q1)	**$54Bn**	dated; Q1 2026
Direct lending issuance 26E	**~$120Bn**	BofA estimate (approx.)
AI-infra / data-center PC	**$200Bn+**	estimate; mixed categories
CLO issuance 26E	**~$200Bn**	estimate
DL fund redemptions	**$1.8Bn**	Q1; 10 largest (dated)

THREE KEY OBSERVATIONS

01

The third 0.3% core print put 50 basis points on the table

Fact: core CPI rose 0.3% in October, matching August and September and meeting the threshold Governor Waller set for weighing a half-point hike. Market-implied 50 bp odds rose to roughly 15% from 1% before the data. **Why:** inflation momentum is not fading. **Implication:** the base rate is rising again. Model coverage to 4.25% to 4.50%, not today's 4%.

02

The repricing is in rates, not credit

Fact: the 2-year jumped 34 basis points, the steepest weekly move since April 2025, while high yield OAS held at 330 and investment grade tightened to 89. **Why:** the shock is to the policy path and term premium, not to credit risk. **Implication:** no spread cushion is being added. The cost-of-capital hit arrives through the base and discount rate. Favor floating-rate seniority; reprice enterprise value to a 5%-plus long end.

03

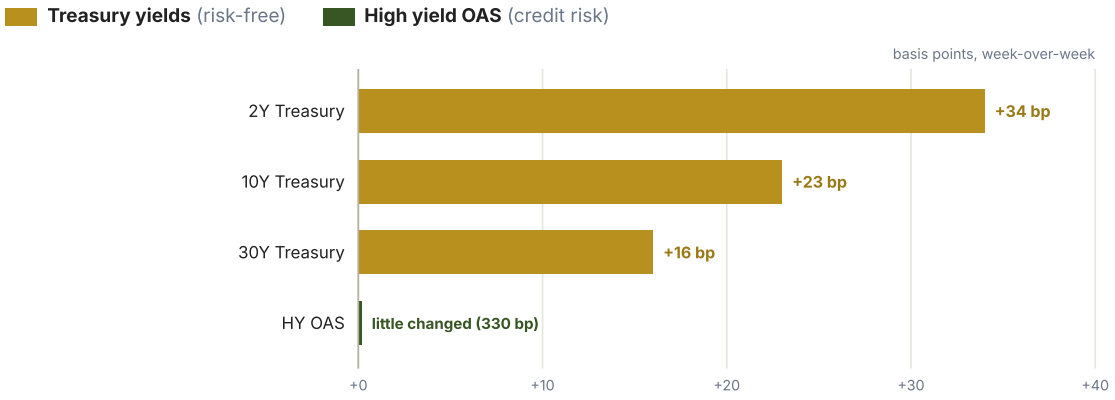
Inflation breadth, not energy, is the problem

Fact: super-core services rose 0.4% in October, a 5.0% three-month annualized pace, with gains across services and goods. The year-over-year CPI was not published, as the shutdown left no October 2025 base. **Why:** price pressure is broad and sticky, not a supply blip. **Implication:** the Fed has cover to keep tightening. Underwrite to higher-for-longer, not relief.

CHART OF THE WEEK

A rates shock, not a credit shock: the week's move in Treasury yields

Where did the cost of capital reprice? Week-over-week change in Treasury yields and high yield OAS, to November 12, 2026.



Read: the entire shock landed in the risk-free curve. Treasury yields posted their steepest weekly jump since April 2025, led by the 2-year at 34 basis points as the market priced a December hike and a 15% chance of a half-point move. High yield OAS, the price of credit risk, did not follow; it held at 330 basis points. The cost of capital rose for every borrower, but through the base and discount rate, not a credit-risk premium. Floating-rate seniority captures the first; structure, not spread, protects against the second.

WEEK AHEAD

CATALYSTS FOR PRIVATE CREDIT

November 18th	**October FOMC minutes**	Detail behind the 10 to 2 hold and the two hike dissents. Any appetite for a half-point move reprices the front end into December.
November 25th	**October PCE (BEA)**	The Fed's preferred gauge, expected to run hotter than CPI. The decisive inflation read before the December meeting.
December 4th	**November jobs report**	The labor read four days before the FOMC. A firm print alongside sticky inflation cements the hike and raises the half-point risk.
December 8th to 9th	**FOMC decision**	A 25 bp hike is fully priced; 50 bp sits near 15% and rising. The decision and projections set the base-rate path into 2027.

Sources: U.S. Bureau of Labor Statistics (CPI, October 2026, released November 10, 2026; monthly figures only, no year-over-year published for lack of an October 2025 base); Federal Reserve (Governor Waller remarks; FOMC October 27-28, 2026; H.15); Federal Reserve Bank of New York (SOFR, EFFR); U.S. Treasury and Goodman Macro/MarketWatch compilation (yields, November 12, 2026 close); FRED (HY OAS BAMLH0A0HYM2 to November 11; IG OAS BAMLC0A0CM to November 12); CME FedWatch (December hike pricing, market-implied); KBRA Q3 2026 Middle Market Compendium (November 5, 2026; 3,070 borrowers, $1.4Tn+ direct-lending debt, LTM to September 30, 2026); Morningstar LSTA US Leveraged Loan Index; Preqin; BofA Global Research. Yields are November 12, 2026 close; spread levels are latest posted; private-market activity figures are estimates or dated as noted.

The Weekly Market Monitor is the quantitative complement to the Tellaro *Quarterly CIO Perspective* and *Monthly Investment Committee Insights*. It does not duplicate the strategic positioning of the former or the transaction commentary of the latter.

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