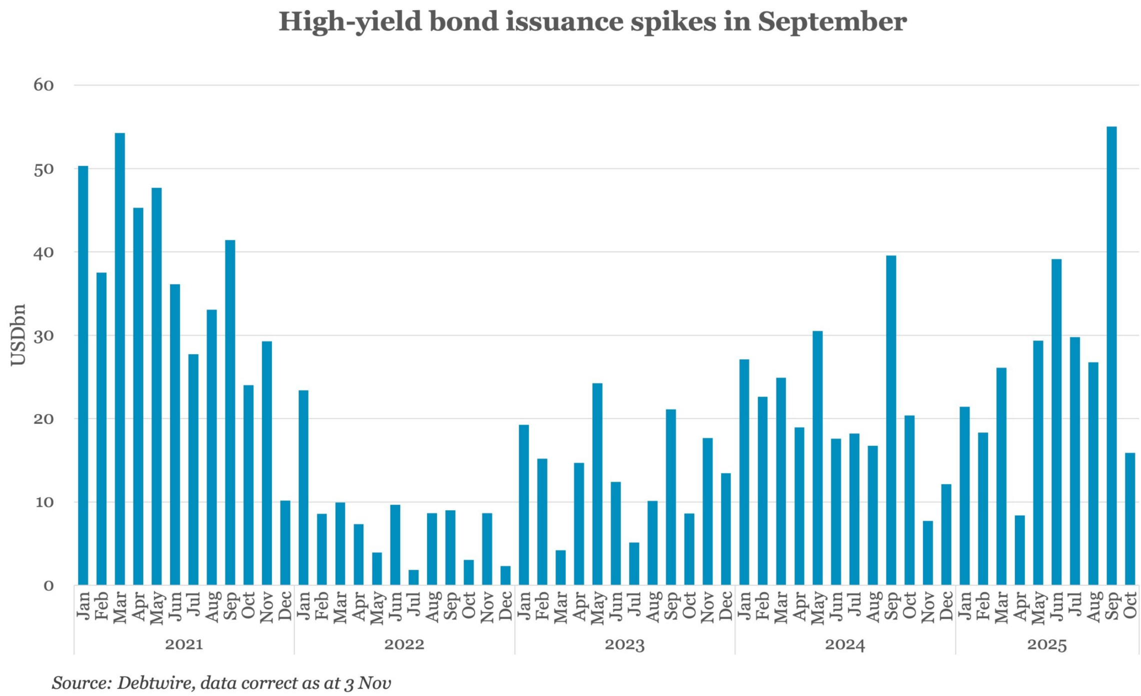
High-yield bond market roars in September with all-time high volumes

Debtwire | November 19, 2025



High-yield (HY) bond issuance in September rose to the highest volume on record, according to *Debtwire* data. The USD 55bn issued more than doubled August's USD 26.7bn total and was 39% more than September 2024. The last time HY bond volumes were close to this total was in March 2021, at USD 54.2bn.

HY bond issuance has increased at a steady pace following subdued activity in April, impacted by the US Liberation Day tariff announcement, when volumes were just USD 8.4bn. Issuance bounced to USD 29.3bn in May and further increased to USD 39.1bn in June.

"Investor demand has been a major driver of issuance this year and with yields still historically high, investors are eager to lock in the yield before the Fed cuts rates further," said a banker. "That demand has given issuers confidence to come to market, they know deals will clear and price tightly."

September also saw new-money HY bond issuance peak at USD 13.2bn, surpassing the previous high of USD 12.8bn in May. M&A accounted for 83%, or USD 10.9bn, of that volume, while general corporate purposes (GCP) made up the remaining USD 2.25bn.

The top HY bond deals funding M&A transactions in September included: NRG Energy's USD 3.7bn bond to fund its USD 12.5bn acquisition of LS Power's natural gas generation portfolio; American Axle &

Manufacturing's USD 2.1bn offering to fund its purchase of Dowlais, a British automotive and powder metallurgy company; and Sunoco's USD 1.9bn transaction to support its USD 9.1bn acquisition of Parkland.

Despite the record volume for new-money HY bond issuance in September, refinancing still made up USD 41.9bn, or 76% of overall volume.

"Spreads near all-time lows, rates are coming down and lots of issuers who couldn't refinance easily before are able to do so, especially the ones that had 2026 and 2027 maturities," a buysider said. "Not a lot of new LBO supply, so market technicals strongly favor new issuance."

Looking ahead

The US Federal Reserve has implemented two 25bps interest rate cuts so far this year, in September and October, bringing the benchmark rate down to a range of 3.75%-4%. Despite HY bond issuance reaching record volumes in September, activity dropped sharply in October, to USD 15.9bn.

"I think the activity will be a bit more muted compared to 3Q25," said the buysider. "Sponsors will be opting for floating-rate paper to avoid call protection. M&A volumes are likely pushed out to next year, but even then, they will include large BSL components. Spreads are tight so we will continue to see opportunistic issuance."

As rates come down, no one wants to lock in a high coupon, so the market will likely see sponsors and issuers opting for loans, the buysider added.

"But there's a limit, with lower quality issuers ratings constrained, there may be spillover to high-yield, especially larger-size issuances," he continued.

For access to our comprehensive news, analysis and data on the global loan and bond markets, please subscribe to *Debtwire*.

(Past performance is no guarantee of future results.)

Contacts:
Jayjeet Sharma
jayjeet.sharma@iongroup.com
Melina Chalkia
melina.chalkia@iongroup.com