

# Middle market debt held by BDCs vs High yield vs Treasury yields

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The blue line represents the current dividend yield of the VanEck BDC Income ETF (BIZD), which stood at 12.18% as of 2 July, up from 11.09% a year earlier and broadly in line with the latest one-year average of 12.3%. BIZD's price remains materially weaker YoY, closing at USD 12.51 on 2 July 2026 versus USD 16.04 on 2 July 2025. The elevated yield reflects broader weakness across listed BDC equities, with most of the sector still valued below reported NAV, pointing to continued investor caution around portfolio marks, dividend sustainability and middle-market borrower stress.

Fitch's US Private Credit Default Rate remained at a record 6% for the LTM ended May 2026, unchanged from April, as unique defaulters rose to 83 from 81 and default events increased to 105 from 99. Stress remained concentrated in payment relief and maturity management, with interest deferrals/PIK accounting for 52% of default events and stressed maturity extensions representing 36%; smaller borrowers remained the weakest cohort, with issuers generating USD 25m or less of EBITDA posting an 11.5% default rate.

The Fed held rates at 3.5%-3.75% on 17 June, while CME-implied probabilities point to another hold on 29 July, with 75% odds of no change and 25% odds of a 25bps hike. Rate expectations are less dovish further out, with the 16 September meeting showing 42% odds of rates staying at 3.5%-3.75%, versus 47% odds of 3.75%-4% and 11% odds of 4%-4.25%. The shift reflects inflation remaining above target, with May PCE at 4.1% YoY, core PCE at 3.4%, May CPI at 4.2% and core CPI at 2.9%, while 1Q26 GDP was revised up to 2.1% from 1.6%.

The 17 June US-Iran agreement lowered near-term tail risk around the Strait of Hormuz, with Saudi crude exports through the corridor rising to 34m barrels between 17 June and 1 July, more than double the 15m barrels shipped between 9 March and 17 June. However, flows remain below normal, with Windward estimating 8.5m barrels of crude passed through Hormuz on 1 July, versus roughly 15m bpd in 2025.

The brown line represents the BofA US High Yield Index effective yield, which stood at 6.98% as of 2 July, compared with BIZD's dividend yield of 12.18%. The spread was 520bps, below the latest one-year average of 555bps, but still wider than 430bps a year earlier.

The spread between BIZD's dividend yield and the 2-year US Treasury was 804bps as of 2 July, below the latest one-year average of 859bps, but above 731bps a year earlier. Overall, BDC/private credit risk pricing has compressed from recent peaks, but the YoY spread widening and weaker BIZD equity price indicate that investor caution around private credit exposure remains elevated.

*\*As of 30 June 2026, [BIZD](#)'s weighted average market cap stands at USD 5.3bn, with PE ratio of 11.63 and PB of 0.86, with the entire portfolio holdings in publicly traded BDCs. [Click here](#) for top holdings.*

*(Past performance is no guarantee of future results.)*