Investments - Flash

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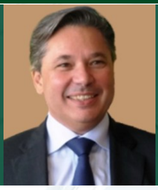

WORRYING RISE IN CDS SPREADS FOR BIG TECH NAMES

Creditors are concerned and are already protecting their loans.

Tech giants have already announced massive loans of nearly $250 billion to finance their AI-related development in 2025. This is almost as much as the last three years combined, even as doubts are already emerging about the real profitability of some of these investments. They could need more than $550 billion in 2026, while global estimates of tech needs are close to a trillion for that year alone. For now, confidence is sufficient to support demand for financing, but the monetization of these investments is far from guaranteed for everyone and may cause concern among creditors. The risks are actually greater than they appear, particularly if macroeconomic conditions deteriorate in 2026. Recently, concern has been growing among creditors, who are increasingly seeking to hedge their risks through greater use of credit derivatives such as borrower credit default swaps (CDS). Most tech companies have seen their CDS rise sharply, a sign that this massive wave of new debt is causing concern. The value of Oracle's CDS, or example, has jumped from 40 to 118 since August 1, while Microsoft's has risen from 20 to 35 in less than a month. Tech creditors are therefore protecting their loans without causing concern among equity investors for the time being.