The Inside Market

July 2026

Believe the ‘hype’ about Hyperscalers

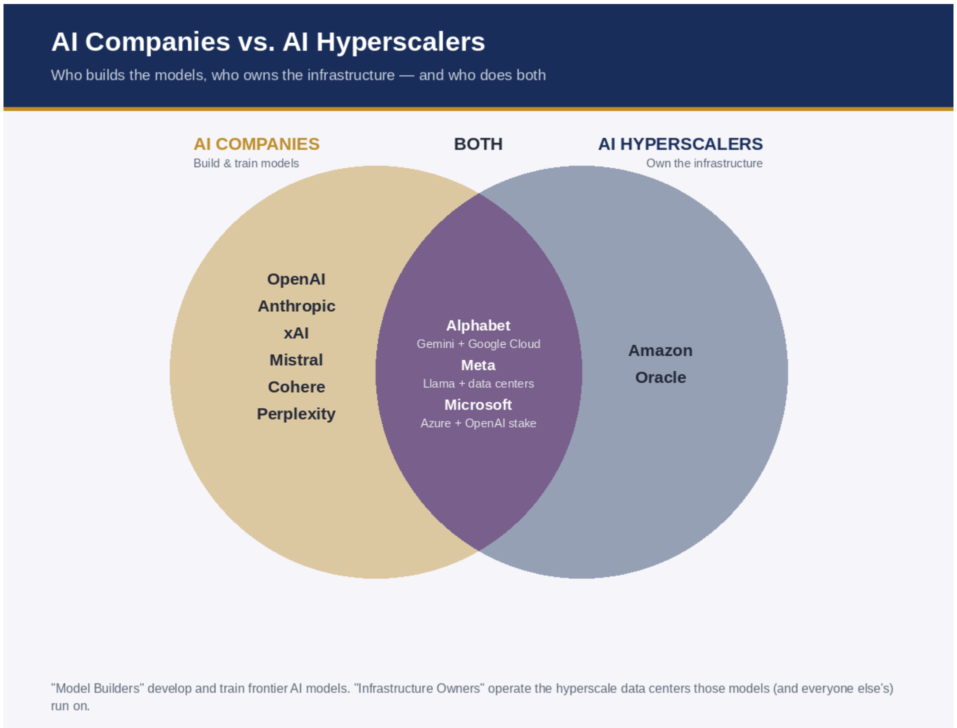
Traditionally, equity markets and corporate bond markets have behaved like distant cousins, related, but not linked in a meaningful way. The lack of a connection has allowed equity market investors to be blissfully ignorant regarding corporate bond markets. Thanks to the abundant use of debt financing by AI Hyperscalers, those days are over.

Who are the “AI - Hyperscalers?”

Hyperscaling is not new. Years ago, Amazon, Microsoft and Google began building and selling the infrastructure to “scale” the computing capabilities of their clients (small, medium and large businesses). The service is a combination of servers, storage and networking designed to provide elastic and near instantaneous computing power. AI relies on hyperscaling to support training and inference capabilities. To differentiate the providers of AI solutions from the providers of infrastructure, the term “AI hyperscalers” was coined. Some of the infrastructure providers are also building their own AI solutions, so here is a helpful to keep things in order:

- AI hyperscalers are the companies that build and manage data centers
- AI companies lease / rent capacity from the hyperscalers
- Some do both

Currently, Amazon, Microsoft, Google, Meta and Oracle are the companies we call “AI Hyperscalers.



AI Hyperscaler Debt Financing

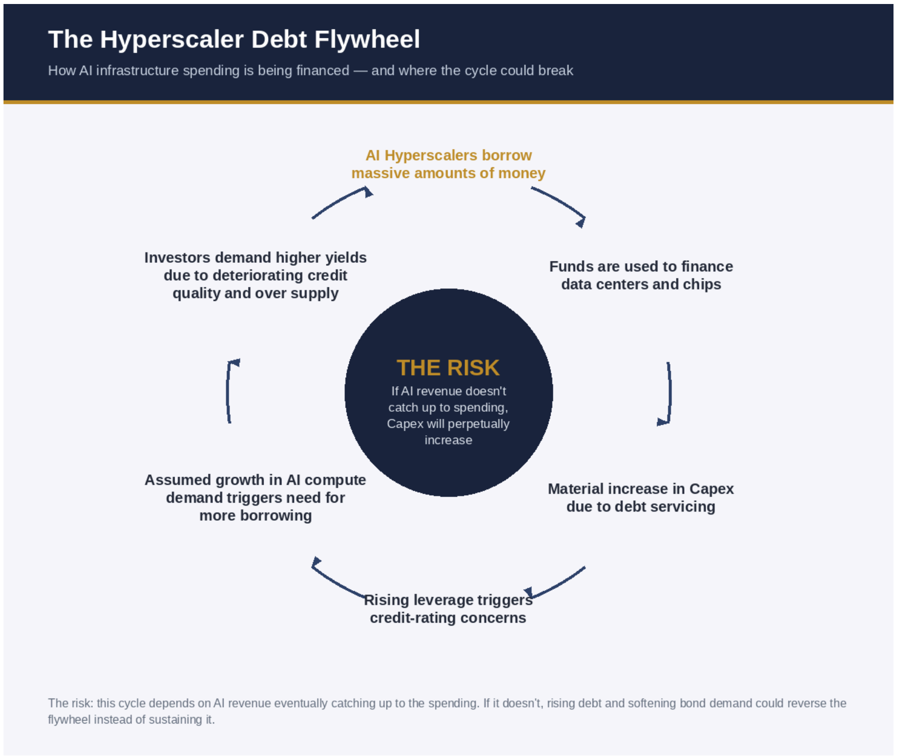
Equity IPO deservedly get the attention because these one-time events can turn ordinary employees into millionaires. Normally, new corporate bond offerings barely get mentioned, but the scope and scale of debt financing by hyperscalers has been noticed:

- Bond Investors Push Back As AI Debt Heads Toward $570 Billion - Forbes
- How the AI debt binge shattered hyperscalers' unspoken contract with investors - CNBC
- The Debt Tsunami That Could Signal the End of the AI Boom - Stocksdownunder

There is growing concern around the viability of the AI Hyperscaler strategy. These companies are all using the traditional approach of building, subsidizing and then profiting once they become a dominant provider (think streaming services). Ironically, AI Hyperscalers have ignored their own narrative that AI "changes everything" and have yet to consider this critical question:

What if AI innovation outpaces our ability to provide a cost and resource efficient infrastructure?

The transformational powers of AI technology is not just taking jobs from humans, it may be leading some of the largest companies in the world into a cycle of building and subsidizing without profiting. This would trigger a cycle of perpetual borrowing at increasing costs:



Why Corporate Bond Markets Matter to Current Equity Investors

As AI Hyperscalers have grown in size, so has their collective weighting in the S&P 500:

AI Hyperscalers' Weight in the S&P 500

Microsoft, Amazon, Alphabet, Meta, and Oracle — by index weight

Company	Ticker	S&P 500 Weight
Microsoft	MSFT	**4.21%**
Amazon	AMZN	**3.71%**
Alphabet	GOOGL + GOOG	**5.80%**
Meta Platforms	META	**2.24%**
Oracle	ORCL	**0.49%**
Combined weight		**~16.5%**

Source: Slickcharts.com, S&P 500 Companies by Weight (market-cap weighted). Weights as of July 26, 2026 and change daily; Alphabet reflects GOOGL + GOOG combined.

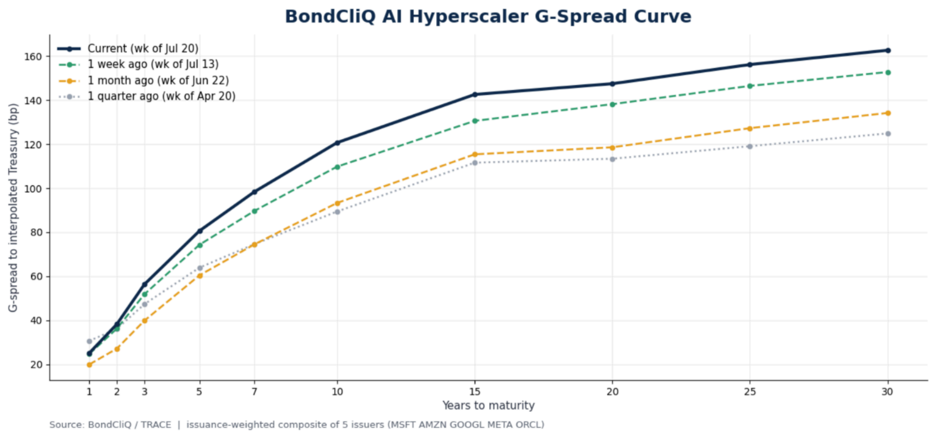
Including Nvidia (7.44% of the S&P) would push the current weighting to 24% of the S&P. If we assume the inclusion of SpaceX, Open AI* and Anthropic* (*once they go public), the future combined weight of AI Hyperscalers and model providers could be >30% of the S&P 500.

Responsible equity investors must incorporate corporate bond data from AI Hyperscalers into their analysis of these companies and the equity market as a whole. Similar to the way that US treasury yields tell a story about the state of the global economy, the yields of publicly traded AI Hyperscaler debt will forecast the future of all major financial markets.

Keeping your eye on AI Hyperscaler Debt - What to monitor?

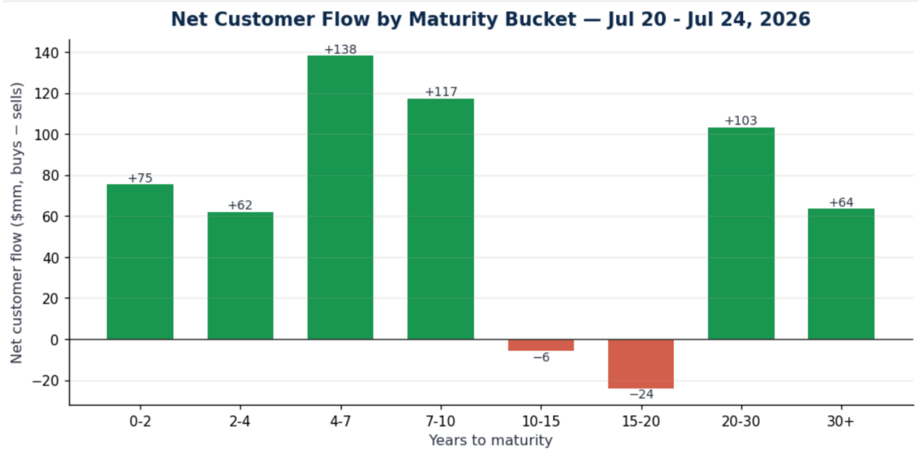
Changes in yields / spreads for outstanding AI Hyperscaler Debt

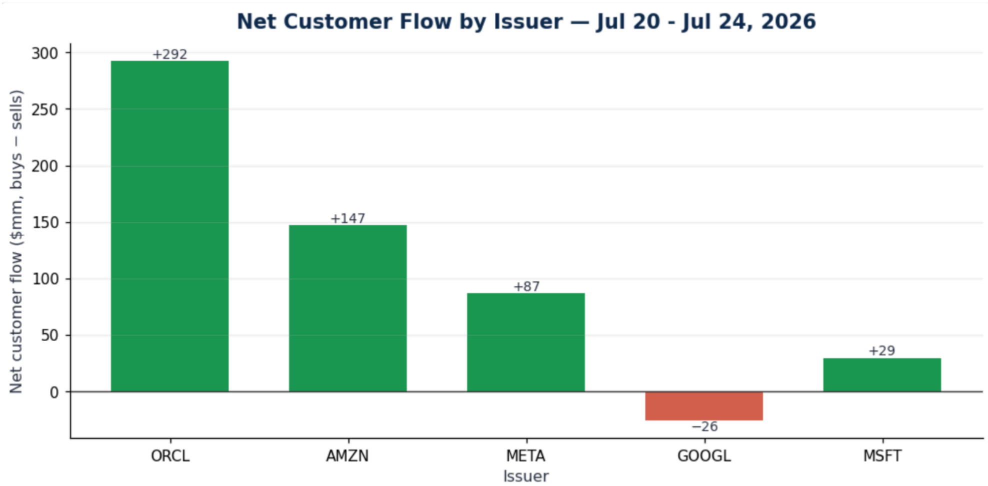
Secondary market trading of AI Hyperscaler bonds indicates the market's perception of risk



Net Customer Flow by Maturity and by Issuer

A granular look at buy-side trading of AI Hyperscaler debt articulates trends in asset manager trading behaviors:





New Issue Performance - How are the recently issued bonds trading?

A detailed look at newly issued AI Hyperscaler bonds indicates how the market is absorbing and perceiving recent financings:

NEW ISSUES

New Issues — Last 30 Days

Recently-issued hyperscaler bonds and how they have traded. FRN tranches dash the spread columns.

Issue	Issue Date	AWS (bp)	Δ 1wk	Avg Wkly Vol	Δ Vol	Net Cust Flow	Depth
SPCX 5.875% '36	Jun 26	188.5	+16.5bp	$378.3mm	+$109.5mm	+$82mm	13
SPCX 6.65% '56	Jun 26	226.8	+19.5bp	$345.7mm	−$46mm	−$4.1mm	12
AMZN 6.1% '56	Jul 09	109	−0.6bp	$338.1mm	+$97.2mm	+$6.7mm	15
AMZN 5.3% '36	Jul 09	76.9	−0.2bp	$316.2mm	+$109.5mm	+$31.8mm	16
SPCX 5.35% '31	Jun 26	144.1	+17.4bp	$315.8mm	+$115.5mm	+$3.1mm	11
SPCX 5.65% '33	Jun 26	169.9	+19.2bp	$283.8mm	+$89.8mm	+$0.4mm	12
AMZN 4.8% '31	Jul 09	55.5	+1.9bp	$241.9mm	−$9.1mm	+$72.4mm	13
AMZN 5.1% '33	Jul 09	67.3	+0.7bp	$239.5mm	+$38.1mm	−$26.5mm	15
AMZN 6.25% '66	Jul 09	122.9	+0.5bp	$222.6mm	+$94.2mm	−$26.2mm	13
AMZN 4.6% '29	Jul 09	39.8	+1.9bp	$184.3mm	−$17mm	+$73.1mm	13
AMZN 6% '46	Jul 09	97.2	−1.7bp	$156.4mm	+$45.5mm	+$27.7mm	13
SPCX 6.6% '46	Jun 26	220.9	+19.2bp	$155mm	−$37.5mm	+$9.9mm	11

Where can I get reliable information on AI Hyperscaler debt?

BondCliQ…We have just launched a weekly report to help market professionals monitor AI Hyperscaler debt. The report summarizes key information about AI Hyperscaler debt by combining BondCliQ data with AI technology.

[Click here to subscribe]

-Chris White, BondCliQ CEO