Intrepid Capital Advisory Group

Market Moments That Matter

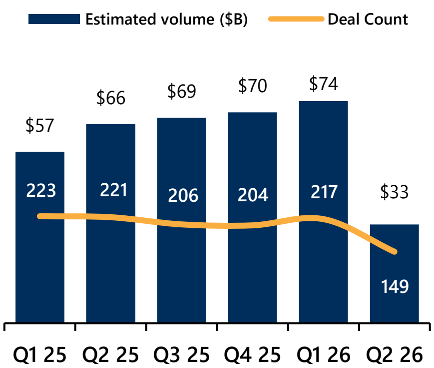
July 2026

Halftime Adjustment: Private credit kicked off the year in full stride, but Q2 brought a clear pause in play as direct lending issuance volume and deal count both fell from Q1 2026 levels. Just as Spain and Argentina are finalizing tweaks ahead of the big game, direct lenders in the middle market are making their own halftime adjustments: staying selective rather than sidelined and keeping possession in sectors with strong fundamentals and clear performance visibility.

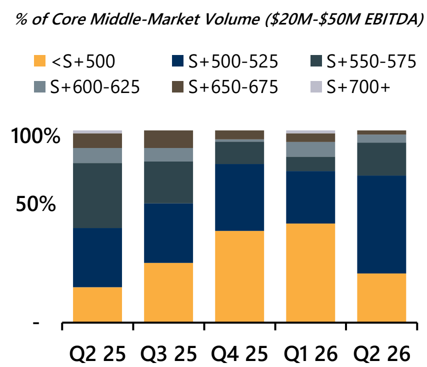
- **Slowing the Pace:** Middle market direct lending volume and deal count both fell in Q2, while spreads widened and relatively fewer deals priced below SOFR + 500.
- **New Favorites Emerge:** Healthcare, Utilities, and Building Materials gained the most issuance share in H1 2026, while Technology continued to lag.

Direct Lending Steps Back After a Fast Start

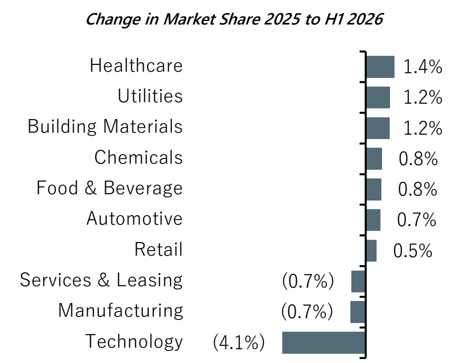
Issuance Fell in Q2...



...While Spreads Widened...



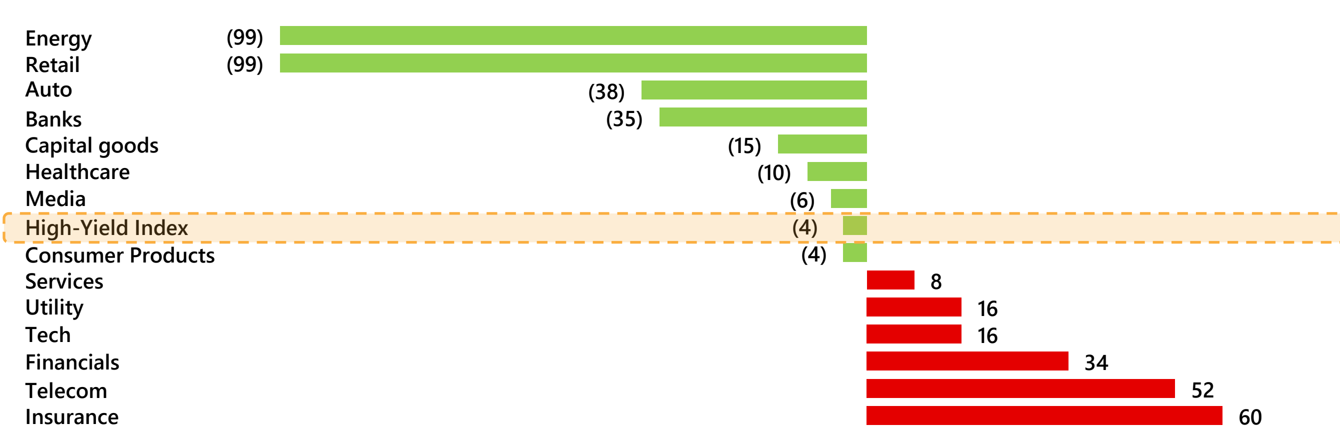
...And Sector Activity Diverged



Source: Pitchbook LCD, KBRA DLD

Key Insights from Our Colleagues at MUFG

Change in HY spreads by sector in 1H 2026 (bps)



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