

Repriced, Not Broke: The Missing Number Behind Hyperscaler Credit Spreads

Spot GPU prices are running well above what hyperscalers locked in two years ago. That gap is the story the credit selloff is missing.



YAVUZ AKBAY

JUL 31, 2026

Large-cap companies are experiencing a significant amount of debt financed capital expenditures in response to declining FCF as credit spreads widen. Looking at reports from S&P and Fortune, I see that bond issuance by large cap companies are increased almost tenfold YoY and collateral ratios fell from approximately 5 times in February to less than 2 times in July. JPMorgan themselves say this is a supply story. According to them investors are pricing in the flood of issuances and there is no fundamental problem.

I think there's something missing here. GPU computing power signed in 2024 and 2025 is priced far below the cost of leasing it today. I saw in SemiAnalysis that the H100 index shows 1 year contract prices increasing by 38% in 5 months and spot B200 capacity on AWS is being offered at as low as \$14 per hour. So Anthropic is trying to buy \$10 billion worth of computing power from Meta, they signed a \$19 billion/20 year lease with TeraWulf and they invested \$50 billion in Fluidstack. All of this happened outside of their existing contracts. Labs are racing for supply because they know today's market price is a multiple of the price they're locking in.

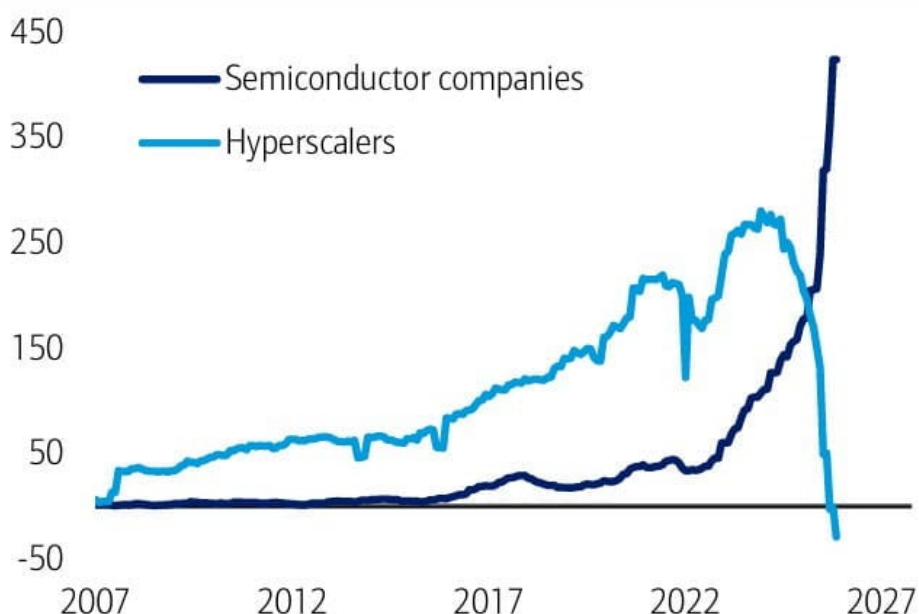
It's quite clear that large scale data center providers with contracts dated 2024-2025 are currently generating low revenue from the processing power they're building. As contracts expire and are repriced, revenue from the existing installed capacity is increasing without requiring new capital expenditures. We know there's a mechanism in the market that people saying "AI revenue generation needs to work." (Naturally) But this mechanism is quite different and they weren't in most credit ratings I read this summer.

In addition to that there's no slowdown. Since I first brought this issue up, only Alphabet provided a report. While their Q2 stock came under selling pressure due to capital expenditure figures, cloud revenue increased by 82% YoY and operating cash flow by 41%. I think the market is focusing on the wrong side.

Okay, so roughly speaking, adding 25-35 GW of hyperscale capacity by 2028, at a price of approximately \$60 billion per GW, translates to capital expenditures of \$1.5-2.2T against a consensus operating cash flow of approximately \$1.3-1.4T (a conservative estimate compared to the Bank's \$25-45B range). This represents a gap of \$100-700B. Even the highest estimate represents less than one round of incremental leverage in group EBITDA. This gap shrinks further as operating cash flow is revised upside due to repricing, not just new AI revenue. Nvidia and Broadcom's balance sheets provide additional reassurance that is often overlooked by most credit-focused frameworks.

Exhibit 6: A generational transfer in free cash flow is taking place

12m forward FCF of “hyperscalers” and semiconductor companies, \$bn



Source: BofA Research Investment Committee. Hyperscalers = AMZN, GOOGL, META, MSFT, ORCL
Semiconductor companies = NVDA, MU, AVGO, & AMAT

BOFA GLOBAL RESEARCH

But the BofA chart that everyone's circulating, which claims “hyperscale FCF turns negative while semiconductor FCF explodes,” shows none of this. It also doesn't show that OpenAI's CFO's July revenue alone surpassed the entire Q2 or that Anthropic's YoY revenue jumped from \$9B to over \$47B since the end of the year. Demand is growing faster than the chart's forward-looking predictions assume.

I'd also discount the CDS widening specifically. Buying protection while shorting the equity was a defining GFC-era trade precisely because it lets you express a bearish view without needing an actual default. A CDS chart alone is a weaker signal than the coverage-ratio data.

Everybody thinks that real risk is the balance sheet but I think it's the grid. ERCOT's data-center interconnection queue is around 410GW. PJM missed its own reliability target for the first time ever in December.

Gartner expects 40% of AI data centers to be power-constrained by 2027. If gigawatts get built and paid for but energization slips a year or two, the cash flow acceleration that closes the funding gap arrives late, even though the debt raised to fund it doesn't.

The spread widening is mostly about bond supply. Hyperscalers who signed compute deals in 2024-25 are underearning, their counterparties are overearning on borrowed time. That gap closes as contracts reprice. I'd rather own the side of that trade about to get repriced up than the side stuck renewing at yesterday's price.

Not investment advice. The capex/OCF acceleration figures are my own modeled estimates, not consensus numbers, built from a mix of actuals and projections. Figures current as of July 31, 2026.

✓ **Subscribed**