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Strong retail fund inflows help fuel the leveraged loan market

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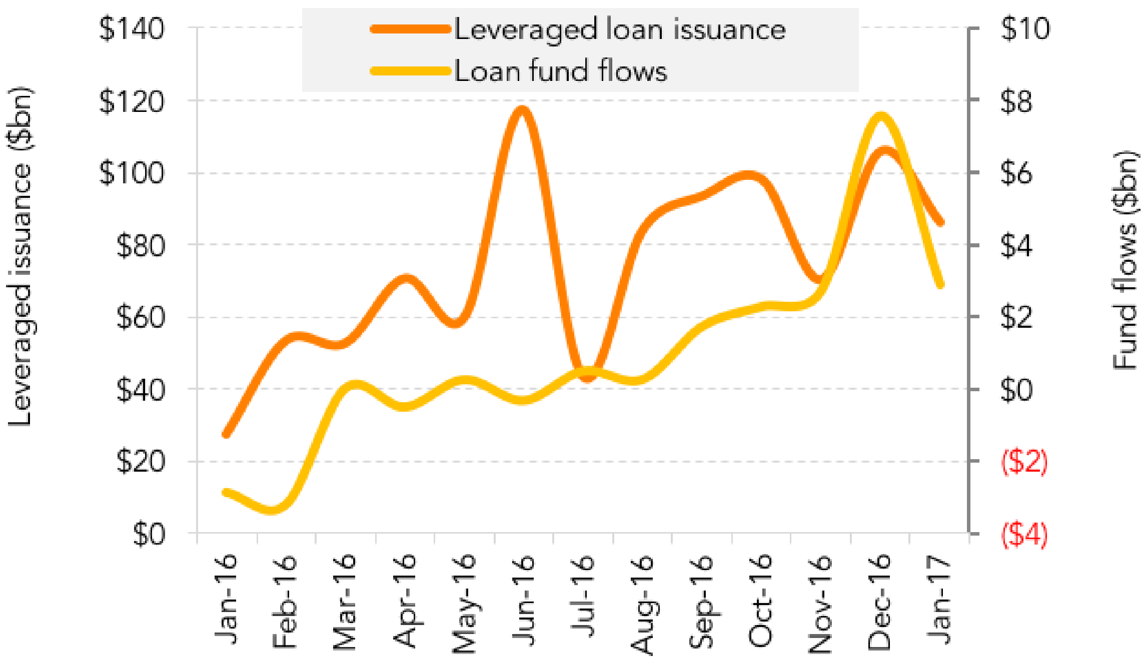

Investors have been pouring money into retail loan funds in recent months. This has helped fuel demand in the leveraged loan market. Last week, investors placed US$1.02bn into retail loan funds, the second time in three weeks the US$1bn mark was eclipsed. It was also the tenth week out of the last eleven that there was over US$500m invested in loan funds. With the increased demand in loans, it is no surprise the leveraged loan market has kept busy. Through January 27th there has been roughly US$89bn in completed leveraged issuance, the highest for any January dating back to 2006. This comes after December totaled US$105.7bn in issuance, the second highest month of 2016. Issuers have been taking advantage of the frothy market conditions to come back and reprice their loans, trimming as much as 50-75bps off the facility. With more rate hikes expected by the Fed this year, investors could keep pumping money into floating rate loans propelling leveraged loan issuance.

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