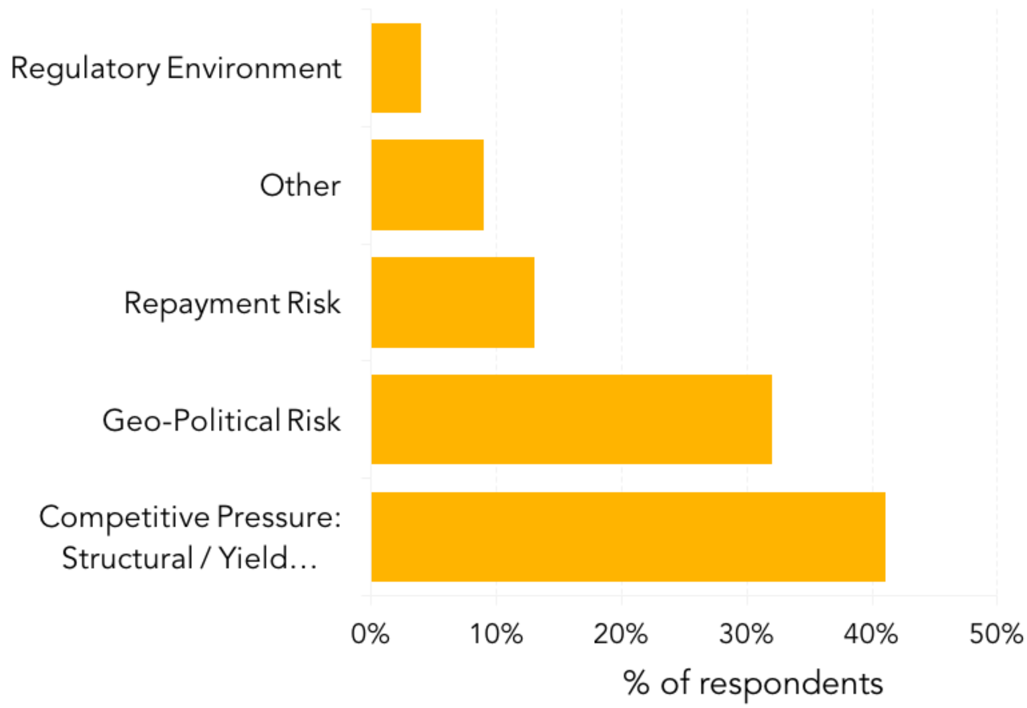
THE LEAD
https://theleadleft.com/leveraged-loan-insight-analysis-512017/

What is the most likely catalyst for derailment?

LSEG | May 3, 2017



41% of the audience polled last Thursday during Thomson Reuters LPC's Fifth Annual Middle Market Loans Conference pointed to competitive pressures leading to structural and yield deterioration as the most likely catalyst for change or derailment in the market. However, one third pointed to geopolitical risk, which could potentially cause dislocation in the loan market especially if equities and other markets are affected. One sponsor commented that, "There is inherent volatility in the current administration; firm wide we are focused on structuring with maximum liquidity and flexibility on covenants because who knows what will happen geopolitically and it will affect execution and to some extent the types of companies we invest in and how we structure them." Repayment risk was selected by 13% of the audience. Refinancings have continued at a a steady pace although more lower quality credits have emerged as more of the higher quality credits have already come to market. This has resulted in yields moving up on average as the deal mix has shifted. Only four percent of respondents viewed the regulatory environment as a catalyst, largely because it will take time for any changes to be implemented and hopes are that any changes that occur will be in the form of easing pressure on banks.

Source: Thomson Reuters LPC's 5th Annual MM Loans Conference

Contact: Ioana Barza
ioana.barza@tr.com