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Yields widen slightly for new money deals; tighten for refis

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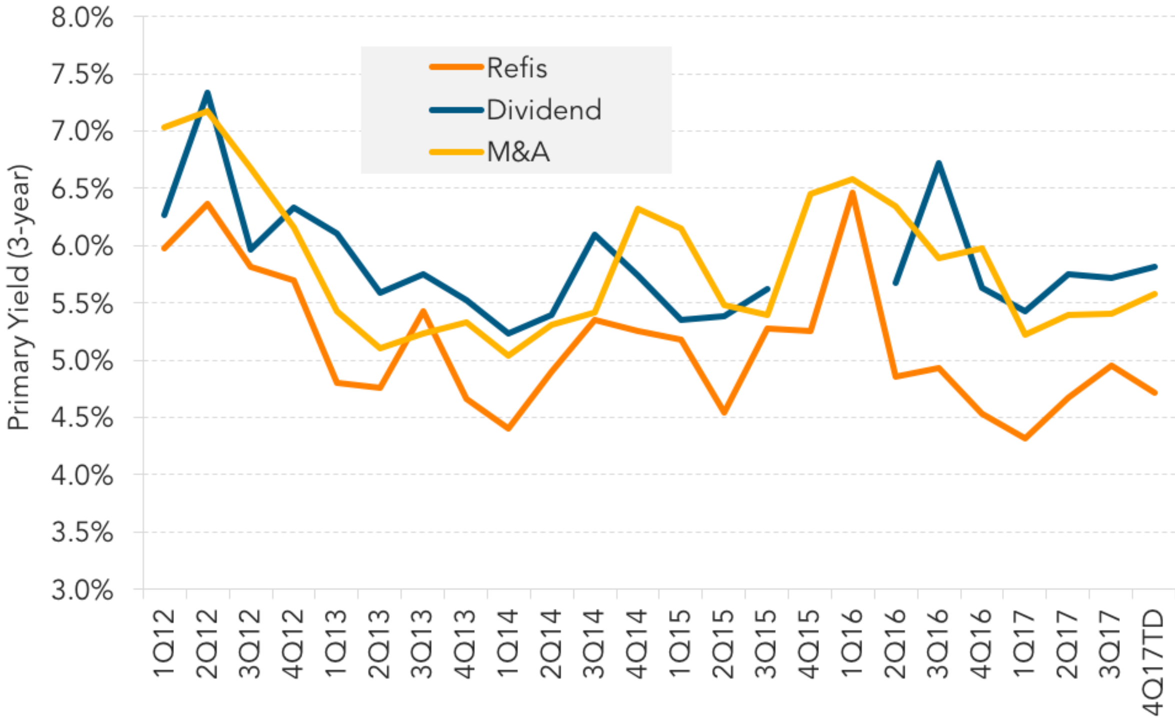

Average yields for first-lien institutional term loans have tightened slightly so far in 4Q17, after having ticked up in the past two quarters. The average first-lien institutional term loan yield, assuming a three-year term to repayment is 5.09% in 4Q17, down 7bp from the 5.16% recorded in 3Q17. The tightening has taken place despite an increase in the 3-month Libor, which is currently in the 1.51% level, up from 1.33% at the end of 3Q17. Average Libor spreads have actually declined by 15bps to 3.54% this quarter. The decline in yields has been driven mostly by opportunistic refinancings and repricings. The average yield on refinancings/repricings is 4.71%, 24bp below 3Q17's level. On the other hand, dividend recap and M&A deals have seen a slight uptick in yields this quarter. The average yield on dividend recap deals is 5.81% so far, up from 5.72% in 3Q17. The average yield on M&A institutional term loans is 5.58%, 18bp above 3Q17's average.

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