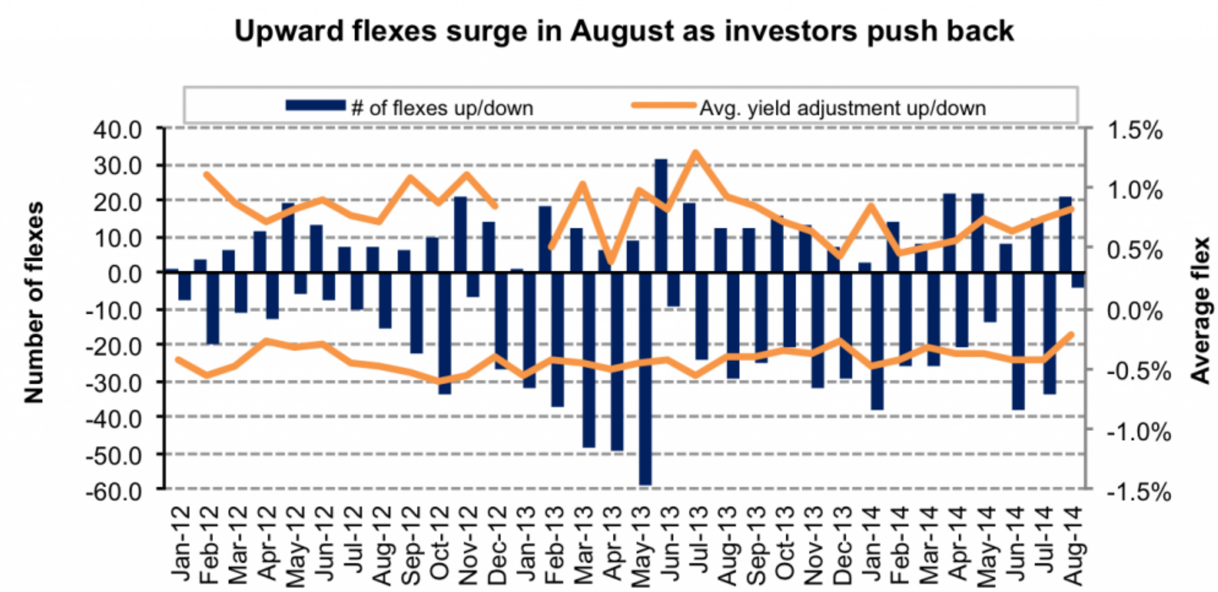
Leveraged Loan Insight & Analysis – 8/18/2014

LSEG | August 20, 2014

Global volatility has spread down to the leveraged loan market and investors are pushing back. Twenty one first-lien institutional term loans have flexed up in the first half of August, just one shy of the total for the months of April and May. On the flipside, only four first-lien term loans have flexed down, dramatically lower than the thirty four that flexed down last month.



In late April and May, technicals softened in the institutional loan market as funds were pulled out of retail funds. However, strong CLO issuance more than offset the outflows and market dynamics shifted once again in June. Downward price flexes outnumbered upward flexes by almost 5 times that month.
In July, the ratio declined, but was still at 2.3:1. So far in August, the trend has reverted and upward flexes are outnumbering downward flexes by 5.3:1. Not surprisingly, the average yield assuming a three-year term to repayment has widened to 5.65 percent in August from 5.5 percent in July and is roughly 70bp higher than June's level. The market shift has led to some deals getting pulled or postponed. Last week, the $585 million credit facility backing the combination of Bioplan and Arcade Marketing was shelved until September due to challenging market conditions. Underliers

Register now for LPC's 20th Annual Loan Conference on Sept. 18th New registrations use PROMO "LEADLEFT2014".

Contact: Diana Diquez
diana.diquez@thomsonreuters.com