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Dividend recap activity slows sharply

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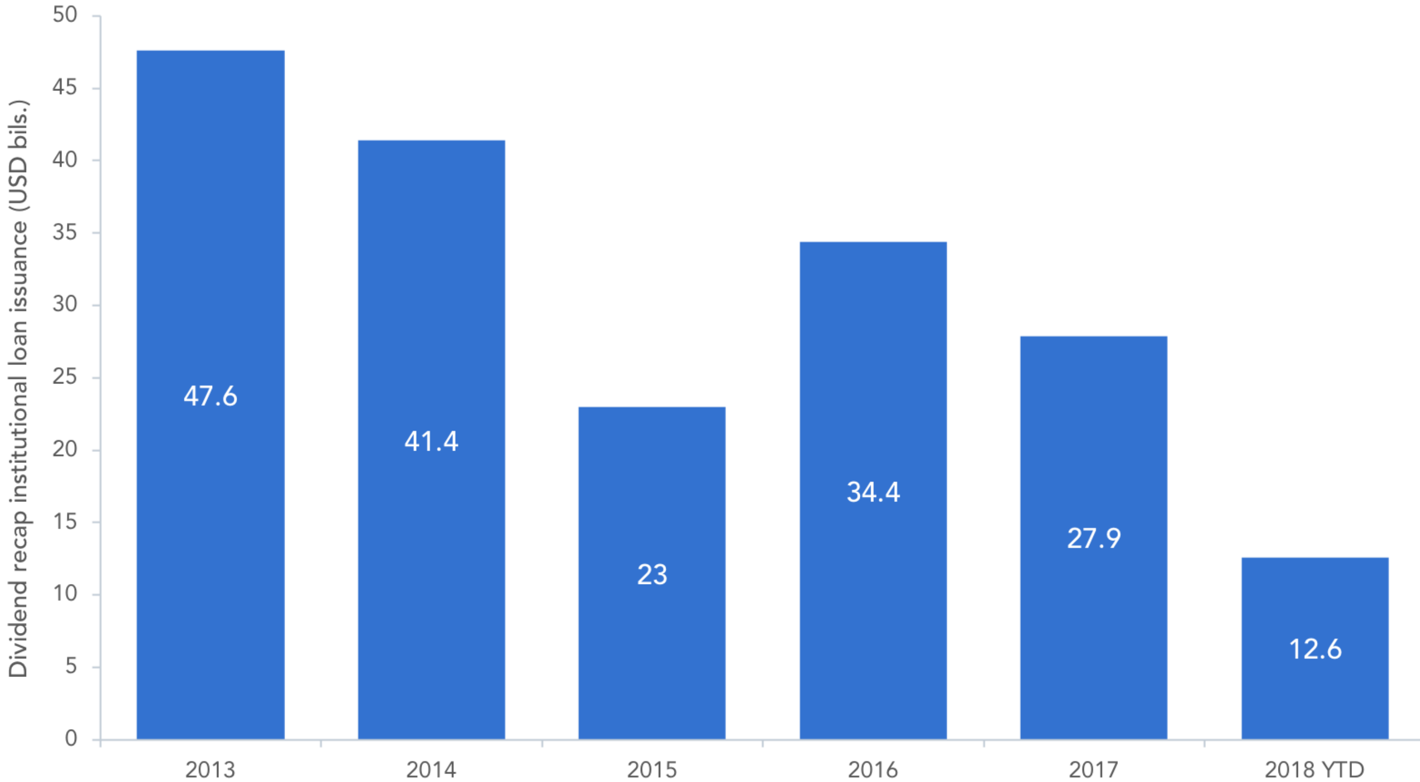

Source: Debtwire Par

Dividend recap activity has slowed sharply this year as loan investors have focused on more attractive M&A related financings available. Institutional loan issuance backing M&A related activity has jumped to USD 228bn so far in 2018, while institutional loans backing dividend recaps is only USD 12.3bn year-to-date, roughly half the level seen at this point last year. In prior years, dividend recap volume was higher on the back of less M&A related loan activity, a more pronounced supply-demand imbalance and cheap pricing available for issuers. Despite a jump in dividend recap loan volume in July, volume in recent months has actually trended downwards, with issuance since the beginning of August totaling just USD 1.4bn.

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