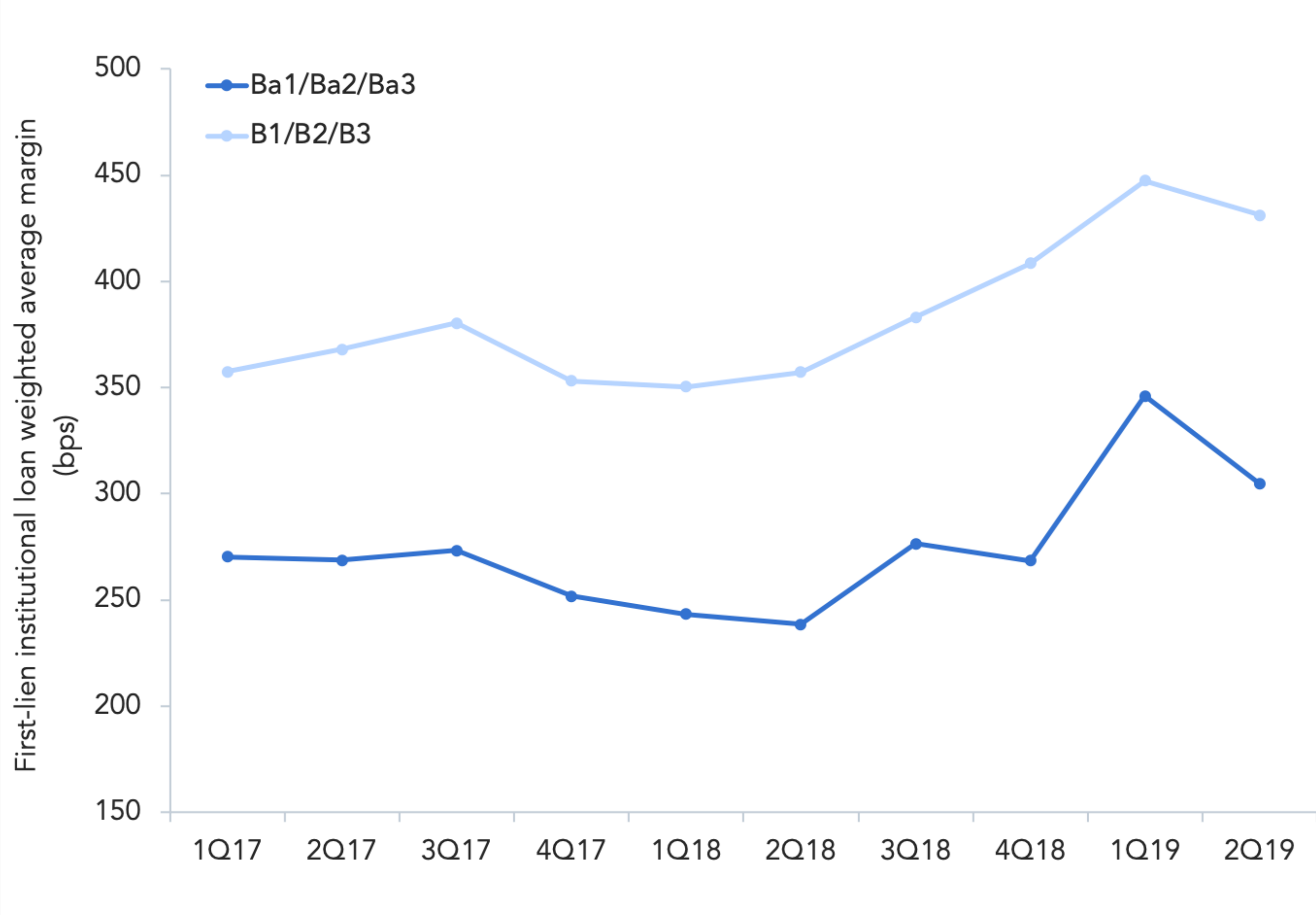
THE LEAD
https://theleadleft.com/debtwire-middle-market-7-1-2019/

Higher rated loans lead margin tightening in 2Q19

Debtwire | July 3, 2019



Source: Debtwire Par

Steady demand for loans from CLOs helped push pricing lower in 2Q19, though margins remained well above year-ago levels. Lenders snapped up higher quality credits and said they were more willing to push back on aggressive deals, given caution around where we are in the economic cycle.

Higher rated loans led the tightening in loan pricing. Ba rated first-lien institutional loans saw their margins tighten to 305bps in 2Q19 from 346bps in the prior quarter. The tightening in B rated loans was less pronounced, declining to 431bps from 448bps in the same period.

Original issue discounts (OIDs) also tightened in 2Q19, with over half (54%) in the 99.5 and above area, compared to 28% in 1Q19. Still, the size of OIDS are larger than in the corresponding period last year, when a hefty 89% of loans had an OID of 99.5 and above, with over 40% issued at par.

Contact: Colm (CJ) Doherty