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2Q19 non-sponsored lending jumped to its highest quarterly level in a year

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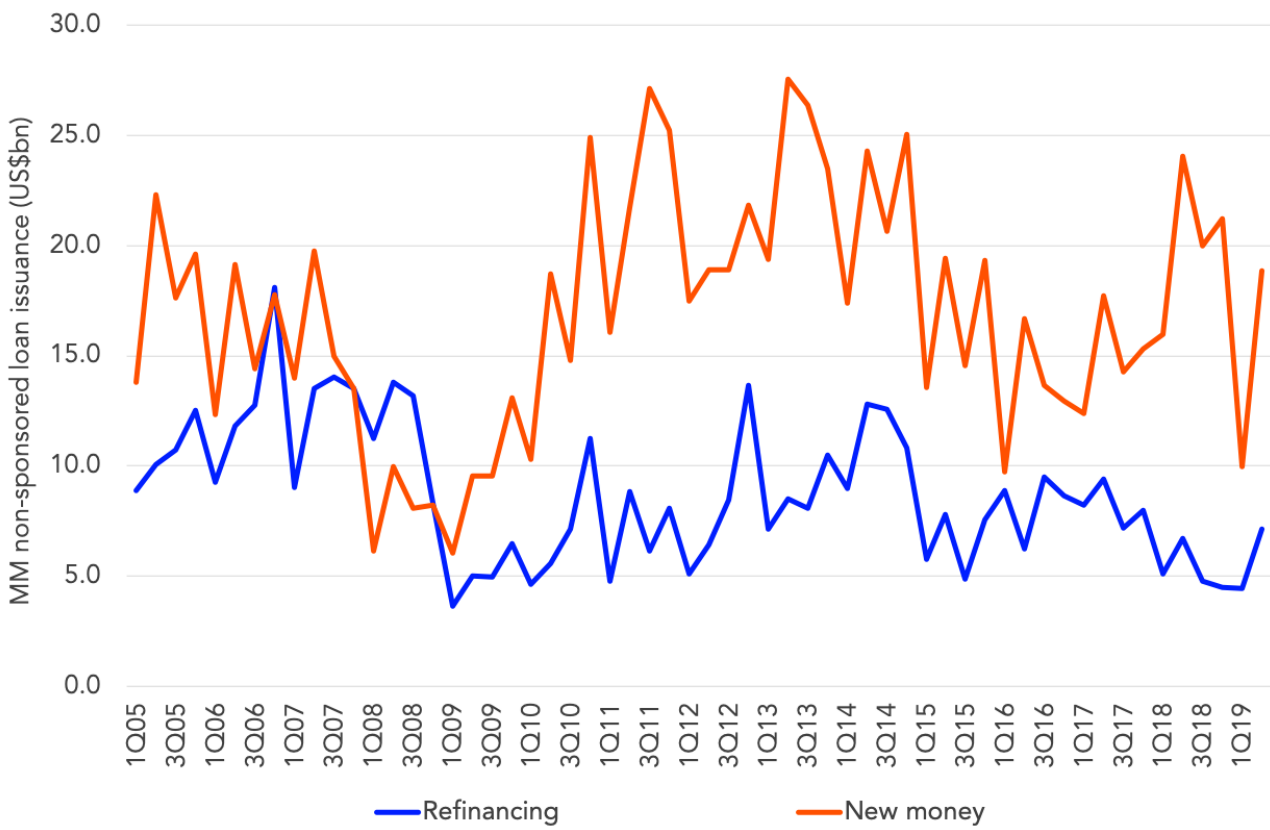

After a very slow start to the year, non-sponsored lending soared in 2Q19. At US$26bn, non-sponsored syndicated loan volume was up 81% from 1Q19, but was still down 15% year-over-year. The quarter-over-quarter increase in lending was driven by a big surge in refinancings which at US$18.9bn were up 89% from 1Q19. However, they were down by 22% from 2Q18. For new money volume, the story was different. While the quarter-over-quarter increase was a lower 61%, it was also up by 7% from 2Q18. At US$7.1bn, new money was at its highest quarterly level since 4Q17. And the main driver of increased new money lending was M&A activity, which drove 55% of new money lending in 1H19 at US$6.4bn. Lenders said that issuers are realizing that the best way to grow at this point is through acquisitions and that a few deals that were in the pipeline for a while, finally materialized. While the state of the non-sponsored market was much better in 2Q19, lenders said that activity is still not enough and are concerned about meeting budgets for the year, which will mean that intense competition for deals will continue.

Contact: Diana Diquez
diana.diquez@thomsonreuters.com