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New money share of institutional loan issuance dips to recent low

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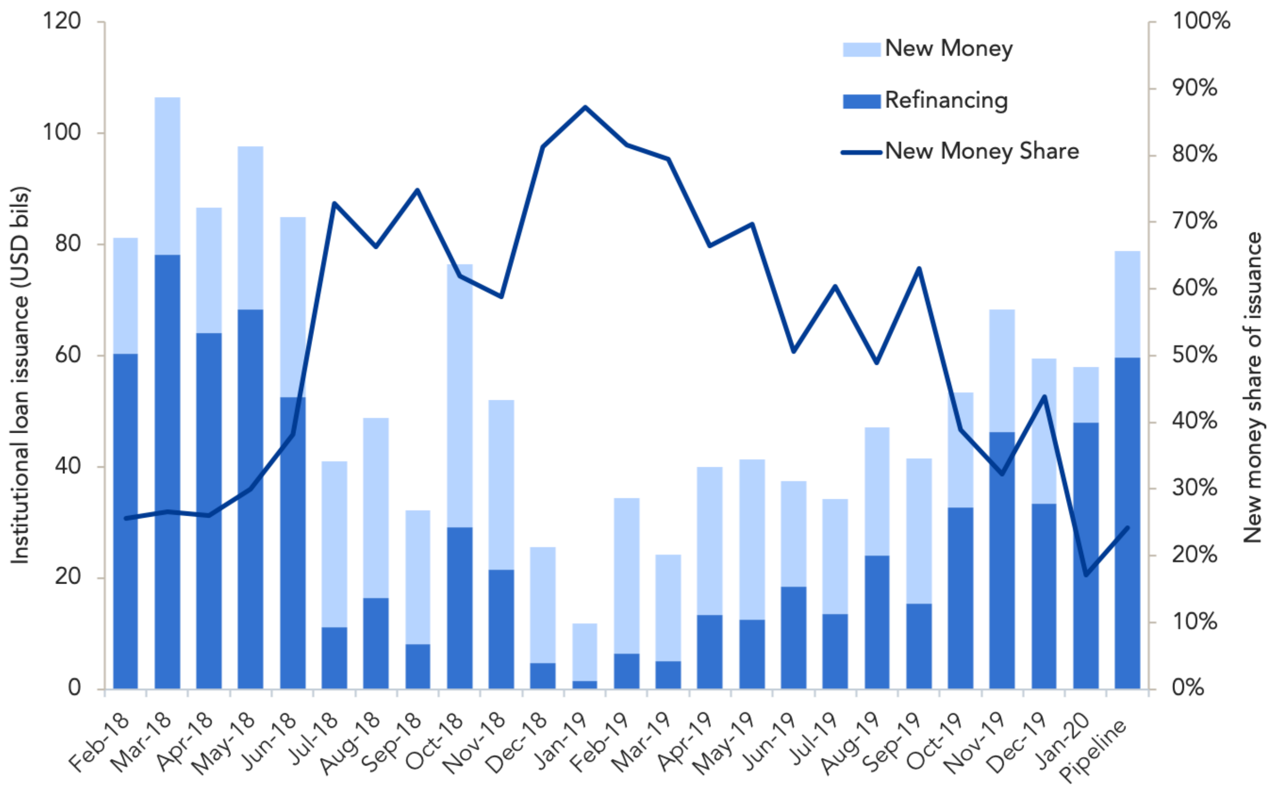

Source: Debtwire Par

The institutional leveraged loan market is off to a busy start in 2020, with USD 58bn of deals having priced and another USD 79bn in the pipeline. Notably, only USD 10bn, or roughly 17%, of loans issued this year have been slated for new money purposes. This trend appears set to continue as only USD 19bn of the current deal pipeline, just 24% of the total, are designated for new money purposes. This is the lowest share of monthly new money deal flow dating back to January 2014 when just 20% of leveraged loan issuance was attributed to new money.

Repricings have dominated the narrative so far in 2020, accounting for roughly USD 39bn (68%) of completed deals to date and an additional USD 38bn of deals currently in syndication. This figure is buoyed by a USD 7.5bn repricing effort by TransDigm, which is seeking to shave margin off its USD 2.21bn TLE due 2025, USD 1.78bn TLG due 2024 and USD 3.52bn TLF due 2023.

Buysiders have expressed caution at some of the more ambitious proposals – including the TransDigm repricing. However, with the M&A forward calendar looking sparse, repricings are expected to remain a prevalent force in the market.

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