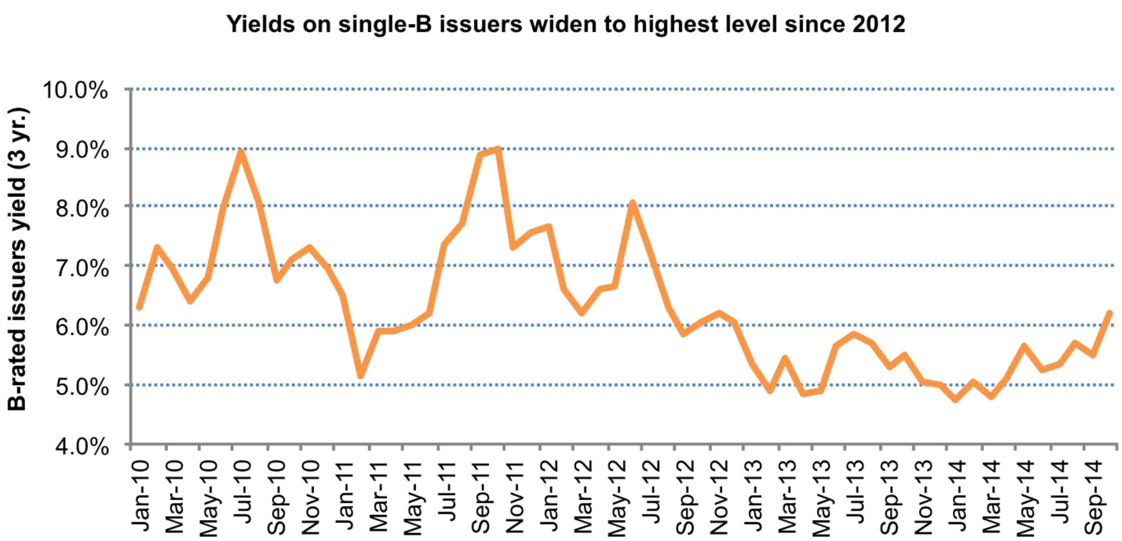
Leveraged Loan Insight & Analysis – 10/27/2014

LSEG | October 29, 2014

While new launches have resumed, the institutional loan market took a hit in mid-October as global volatility spiked and investors took a step back. In tune with the high-yield bond market, the institutional loan market



few additions but ng the finish line.

The pushback is evident on pricing. Yields have widened significantly in October to levels not seen since 2012. The average yield, assuming a three-year term to repayment on first-lien institutional term loans for B-rated issuers is 6.2 percent so far this month, up almost 70bps from September levels. Moreover, 85 percent of these deals were done at a yield of 5 percent or wider. This is dramatically higher than in the first quarter, when only 36 percent of the deals were done at that level. Increasing yields have been accompanied by more investor-friendly terms like extended call protections. [Underliers]