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Private Credit Myth #2: Private credit is the next market bubble

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We continue our special series this week with:

Myth #2: "Private credit is the next market bubble."

It's a myth that's applied regularly to leverage loans. The universe of broadly syndicated loans is as large as that of high-yield bonds, so that must be a bad thing. But growth in loans is a classic result of demand by both issuers and investors, thanks to the benefits of the asset class.

Similarly, private credit has expanded from about $200 billion five or so years ago to the $800 billion – $1 trillion range today. Private credit's popularity is a response to challenges faced by users and buyers of broadly syndicated loans, not artificially inflated by some unsustainable factor….

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