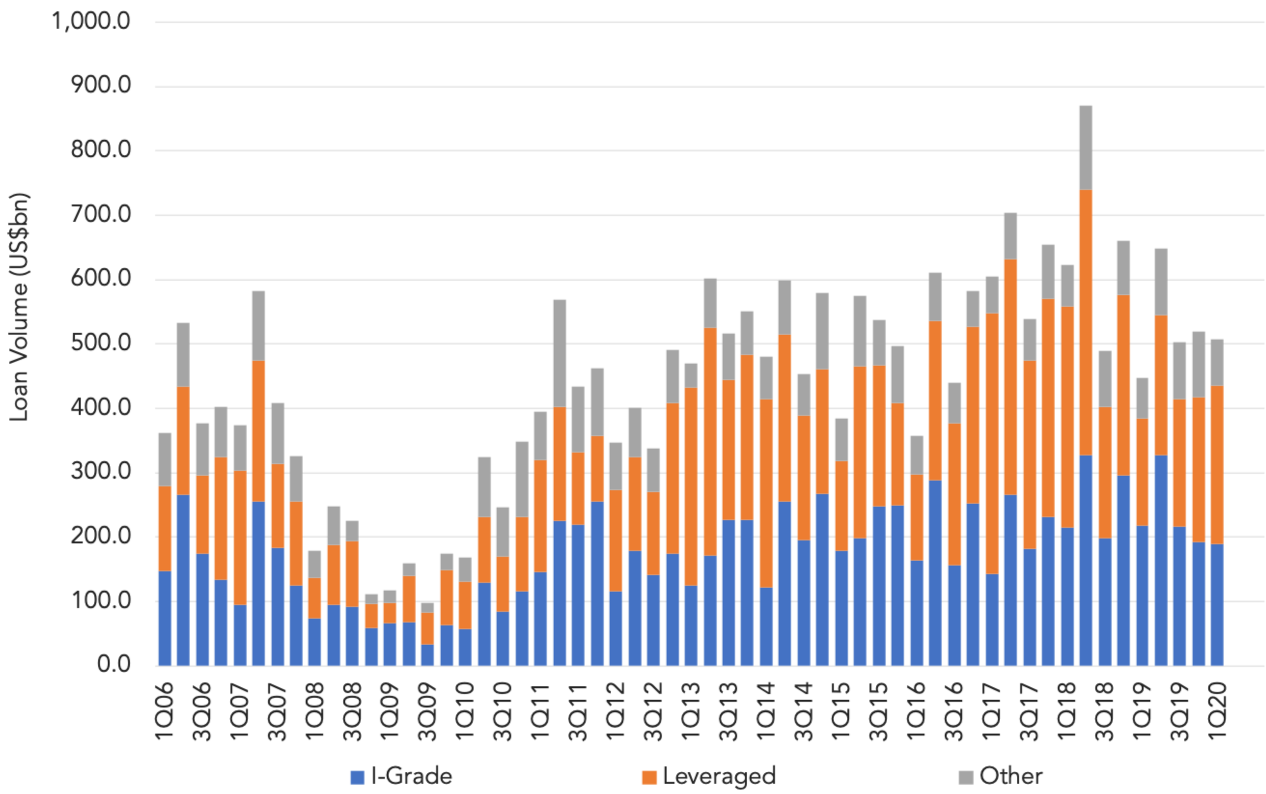
THE LEAD
https://theleadleft.com/leveraged-loan-insight-analysis-3-30-2020/

Hopes for building 2020 loan mart are shortlived as Covid-19 spreads

LSEG | April 2, 2020



Several headlines have rattled the markets over the last few years – some were fuelled by geopolitical unrest, some by enonomic bumps and occasionally tweets – but the impact on the markets themselves was consistently shortlived. It ultimately took a deadly and aggressively spreading virus to bring the global economy to its knees and the capital markets to a near full stop. In the wake of Covid-19, concerns around risk, the implementation of business continuity plans and self isolation, the loan market shifted gears from deal making to providing guidance to anxious borrowers seeking incremental liquidity either because their business is under greater threat or because they want the reassurance of extra cash on their balance sheets. Just under US$508bn of loan volume was completed in 1Q20, up 14% over the year ago period. Roughly 28% of total lending represented new loans at US$143bn, but of this total, roughly 60% represented M&A activity, down from 80% at the same time last year. Both investment grade and leveraged issuers tapped the market with an eye to padding their liquidity or securing funding to keep operations viable. Less than US$189bn in high grade issuance was completed during the quarter, down 13% compared to the same time last year. Boosted by a series of opportunistic refinancings in January, leveraged issuers pushed over US$245bn of loan volume through the market, a 47% jump compared to the year ago period.