Issuers pay up to tap high yield bond market in April

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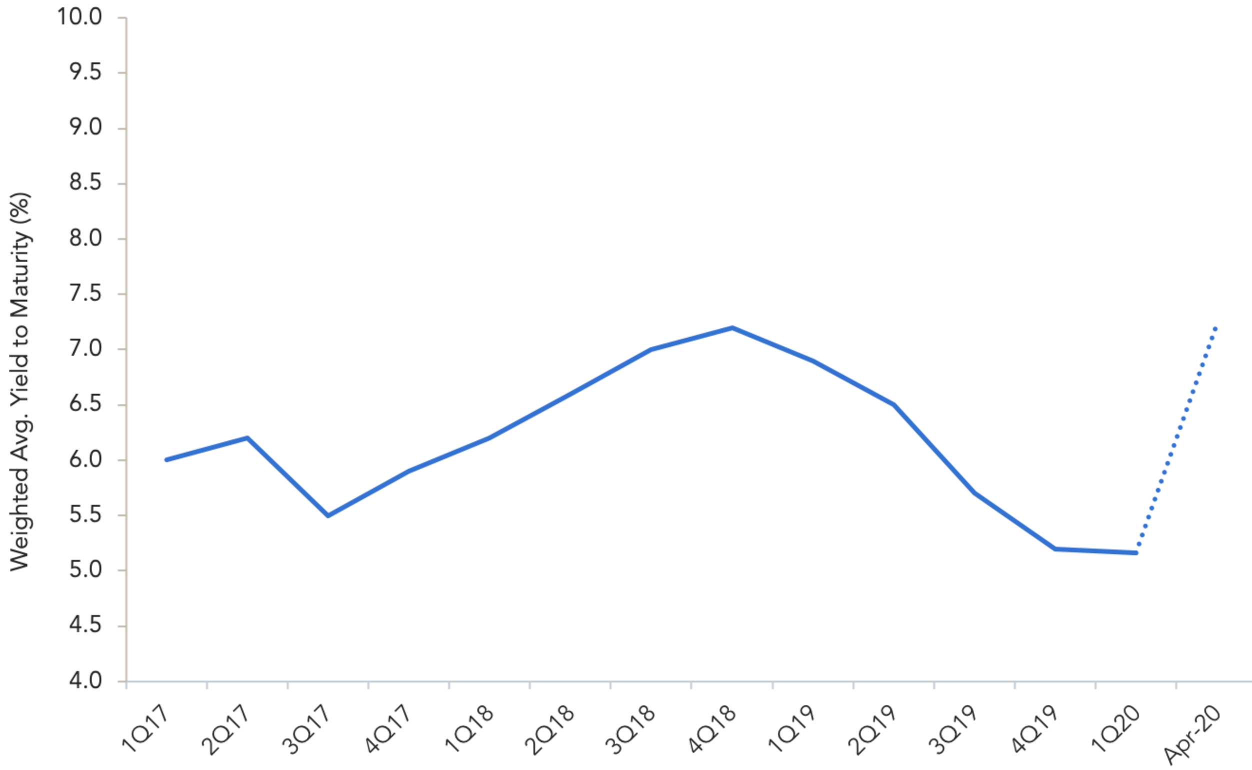

Source: Debtwire Par

As the equity and debt markets regain their footing after a period of prolonged volatility and a virtual freeze in new issuance due to the coronavirus (COVID-19) pandemic, the high yield bond markets have opened back up as issuers begin to address near-term cash needs. April issuance has surpassed USD 38bn thus far, eclipsing the 4.7bn issuance recorded in March. This new issue has come at a price however, as the weighted average yield to maturity shot up to 7.22% so far this month, compared to the 5.16% average seen in 1Q20.

There has also been a shift to secured issuance, which accounted for just 32% of high yield bond volume in 1Q20, but has ballooned to 54% of issuance in April, as lenders reprice risk and seek additional protection in this new market environment.

At the individual bond level, pricing on new deals has ranged from 4.125% (and par) for **CDW Corp** to 11.25% (and an issue price of 99) for **Carnival Cruise** Lines. Example of other deals include **Tenet Healthcare**'s 7.5% (and par) secured bond and **Nordstrom**'s 8.75% (and par) note.