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High-yield bond market comes roaring back in April

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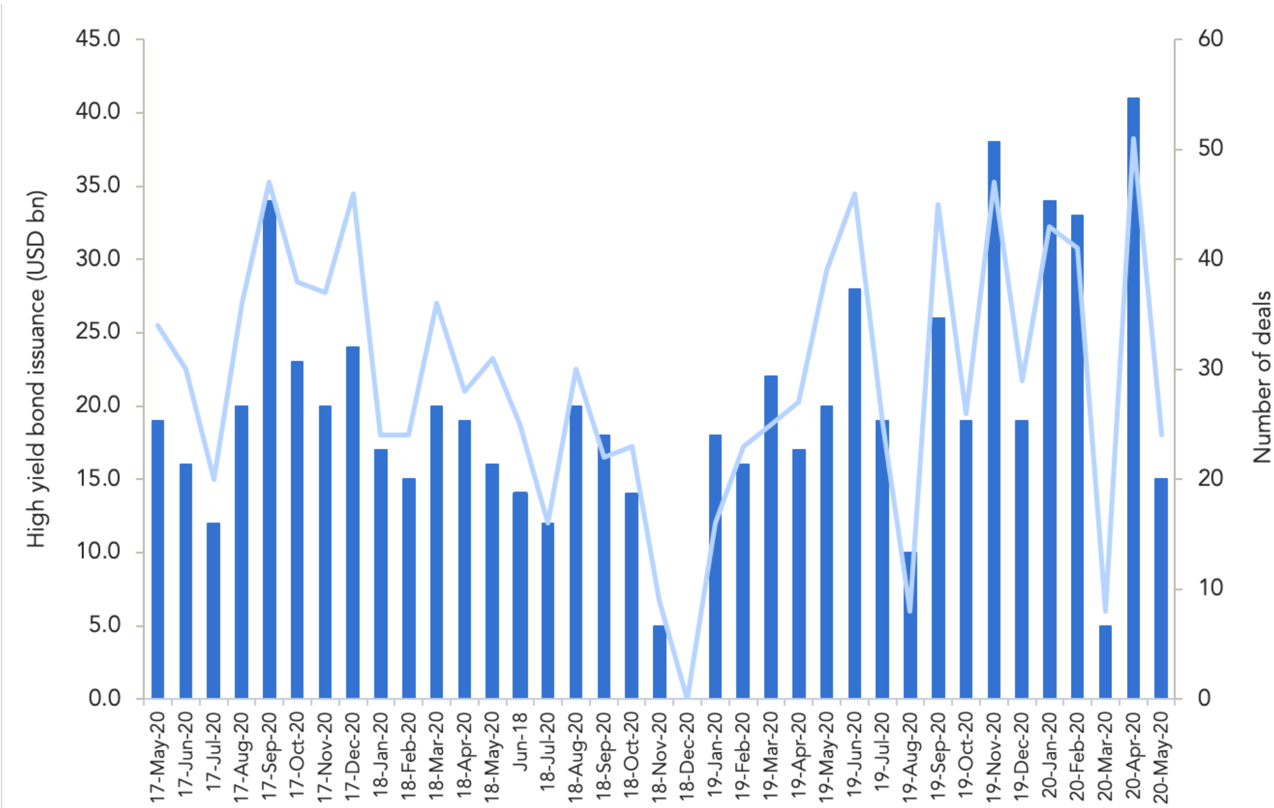

Source: Debtwire Par

The US high yield market came roaring back to life in April with roughly USD 40.6bn in issuance across 51 deals, easily the most active month this year, and a far cry from the USD 5.3bn issuance seen in March when much of the market was shut down by the coronavirus (COVID-19) pandemic. This trend has continued into May, which has seen more than USD 15bn in issuance to date. A majority of funds raised in the HY bond market in April were used for new money purposes (USD 31.2bn), primarily for short term liquidity and general corporate purposes funding. In May, general corporate purposes accounted for roughly USD 6bn of HY bond issuance, with refinancings making up the remaining USD 9bn.

In both the high yield bond and institutional loan markets, new issuance came at a price as market risk was repriced and issuers were forced to pay up. The weighted average yield to maturity for high yield bonds in April shot up to 7.2%, a leap of more than two percentage points from the 5.1% first quarter average.

At the individual bond level, pricing on new deals has ranged from 3.625% (and par) for **Netflix** to 10.5% (and an issue price of 98) for **AMC Entertainment**. Other deals include **Tenet Healthcare**'s 7.5% (and par) secured bond and **Nordstrom**'s 8.75% (and par) note.