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US debtor-in-possession loan volume surpasses US$10bn so far this year

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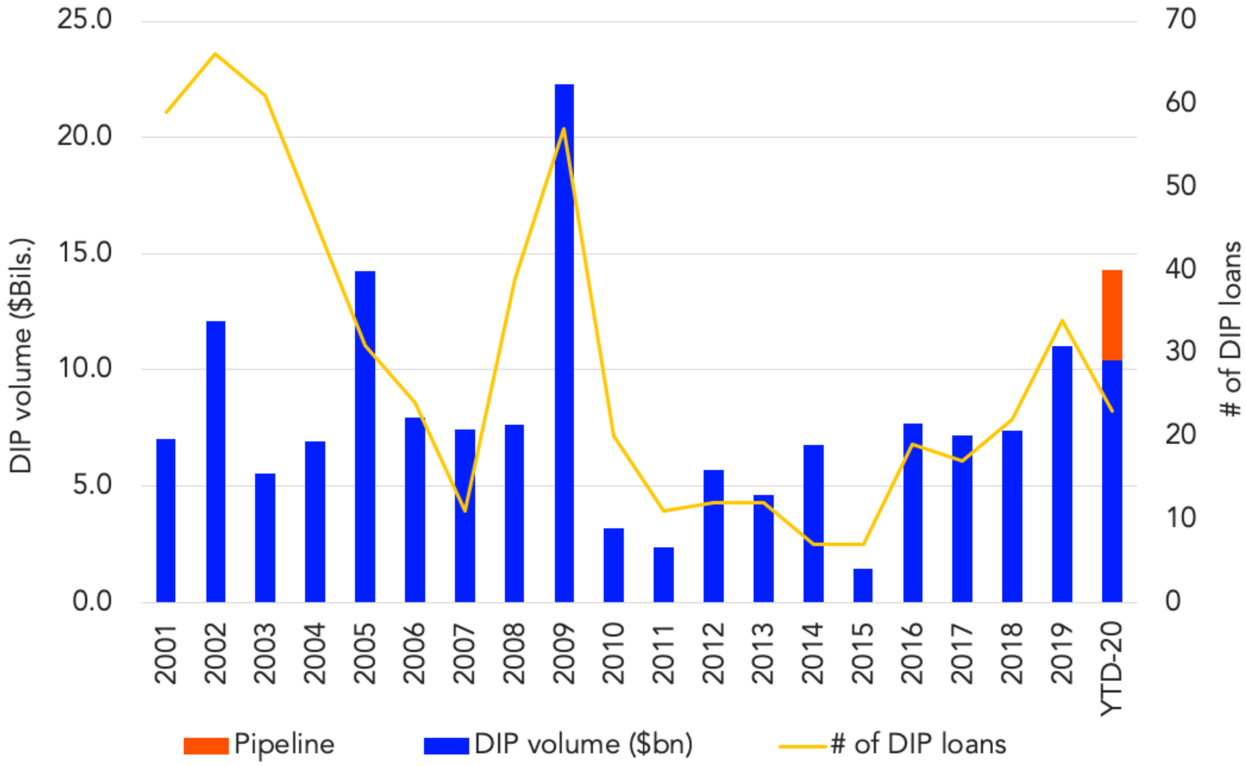

Completed US debtor-in-possession (DIP) loan volume is on track to reaching the highest annual level since the Great Financial Crisis, as many companies have struggled during the Covid-19 pandemic. Already this year there has been over US$10bn in completed DIP volume across 23 deals, with another nearly US$4bn in the pipeline. By comparison, full year 2019 saw roughly US$11bn in DIP volume across 34 deals. Largely, the pandemic has pushed companies that were struggling prior to the virus towards bankruptcy. The oil and gas and retail sectors have been the most affected accounting for more than half of the 23 completed DIP loans this year. And it seems that there is not much relief in sight. As Covid-19 cases have continued to rise during the summer, more states have paused or reversed reopenings, which could further hamper struggling businesses. In just the past two weeks, there has been over US$2.4bn in DIP loan volume announced, including for such names as California Resources, WorldStrides, Bruin E&P and Briggs & Stratton.

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