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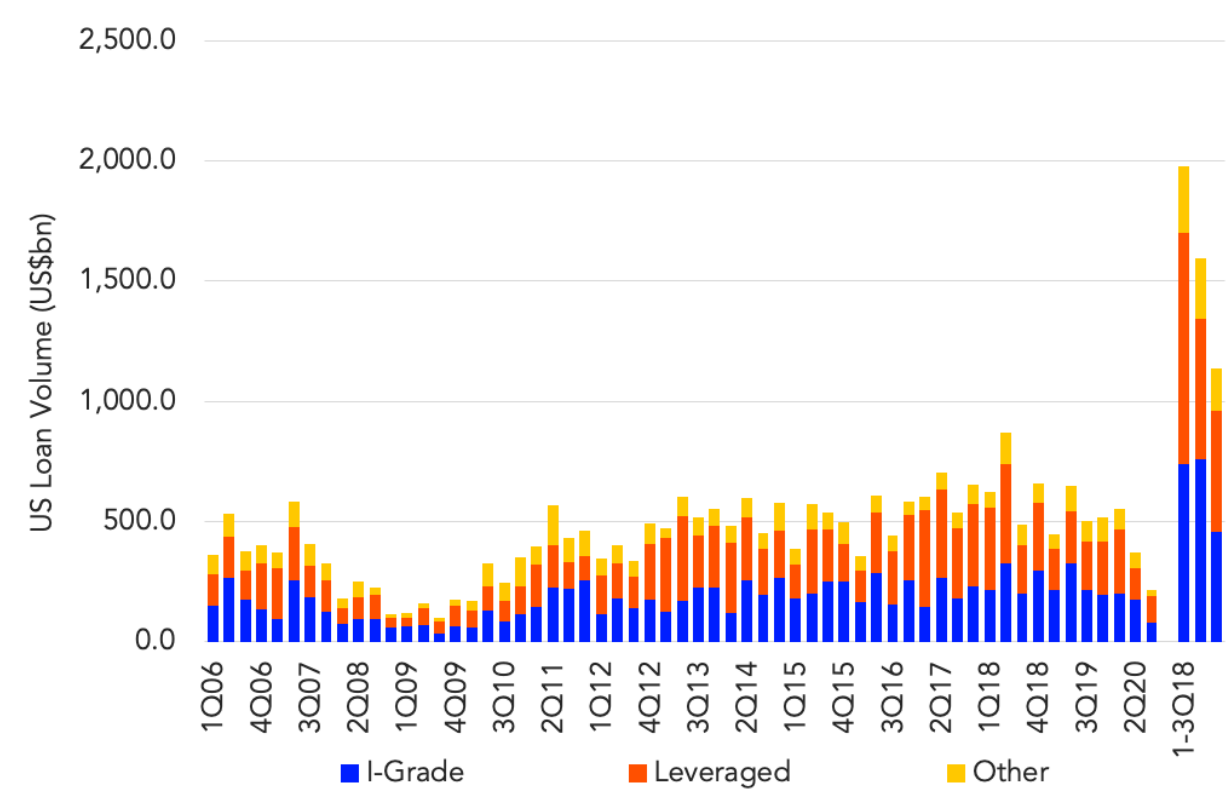
3Q20 US loan volume lowest since 1Q10; 1-3Q20 down 29% y-o-y

LSEG | October 1, 2020



Against the backdrop of a second quarter that saw GDP down 30% and a relatively orderly calendar of refinancings and repayment of loan drawdowns, 3Q20 marked a surprising bounce in in the market with GDP up an expected 20-25%, a surge in the equity markets and record bond issuance.

While hints of a possible V-shaped recovery surfaced, lenders noted that unemployment remained high and questions around ongoing market support from the Federal Reserve remain unclear. In this setting, the US loan market syndicated less than US$214bn in 3Q20, a 42% drop compared to 2Q totals and a more distressing 57% drop year over year.

At less than US$1.136trn, year to date volume was down 29% as corporates continued to struggle in the wake of Covid-19 and subsequent operational pressures. Both leveraged and investment grade lending was down quarter over quarter in the absence of event-driven lending opportunities, leaving both investors and bank lenders hungry for new deal flow.