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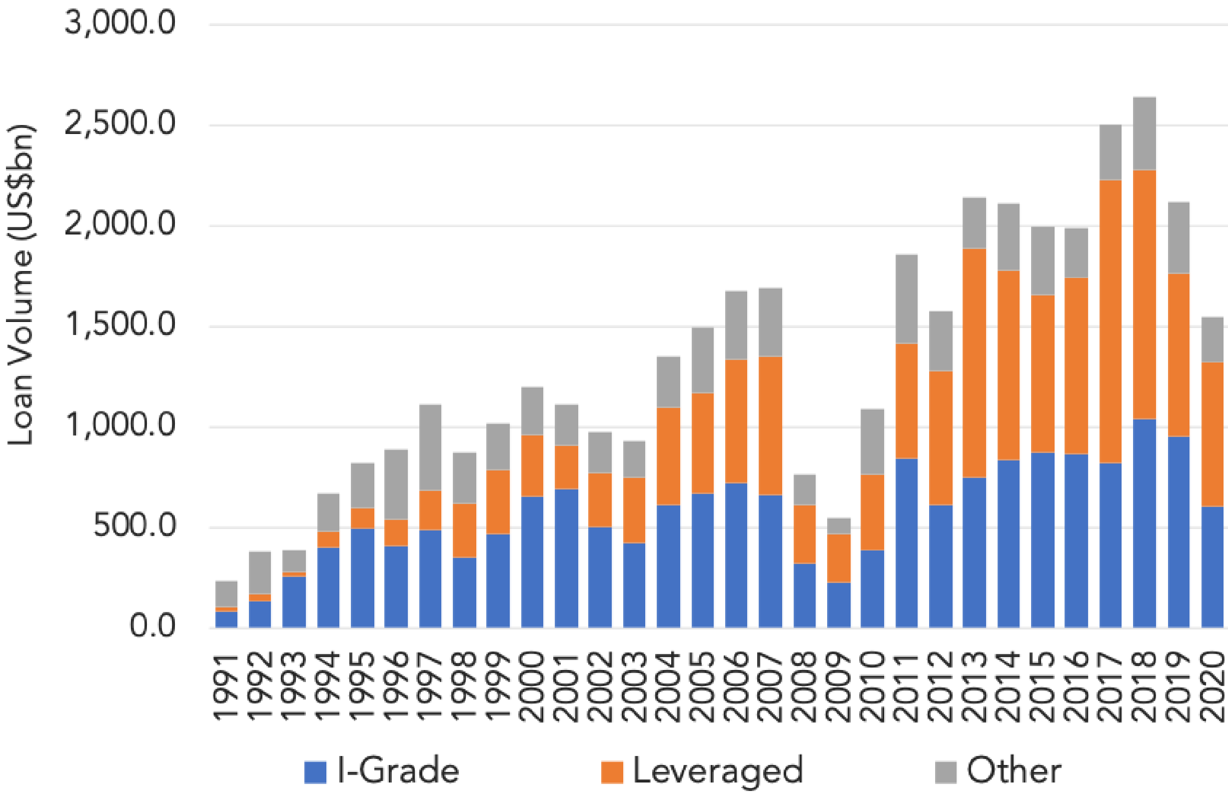
2020 US Syndicated loan volume at 10 year low amid pandemic

LSEG | January 5, 2021



In a year overshadowed by a global pandemic, social unrest and a prolonged US election cycle, lenders pushed over US$1.5trn of loan volume through the syndicated market, a 27% drop over the same time last year and a 10-year low. Although Covid-19 was the overarching headline that defined 2020, there were several stories and surprises that emerged as key sub-themes throughout the year, including the largely seamless transition of many corporate work settings to a virtual working environment, the strong support and functionality of the bank lending community vis a vis its clients, the Federal Reserve's steady hand that preserved and fostered liquidity, and a resilient bond market that remained broadly open. The combination of factors culminated in an auspicious if strikingly brisk snapback in overall loan market tone by year end. At US$578bn, new loan assets represented 37% of overall US syndicated loan volume. New money dealflow was largely in the form of Covid-19 response financing with a flurry of small but much in demand M&A credits reemerging in 4Q20. Investment grade lenders supported over US$605.5bn of loan volume during the year, the lowest annual total since 2010, as issuers delayed refinancing multiyear credits whenever possible while large, transformative transactions remained scarce amid heightened market uncertainty. Despite the availability of capital, the leveraged loan calendar also experienced a meaningful slowdown to raise US$711bn in 2020, down 12% year over year. Market appetite for riskier, single B and CCC credits was at best selective and at worst non-existent for much of the year as deal structures were tightened and depth of market liquidity for riskier names remained unclear. As the market found its footing, a cautious if weary optimism returned in 4Q20, to support nearly US$372bn of issuance, a 28% drop from the same time last year.