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US CLO secondary loan bids trend higher than pre-pandemic levels

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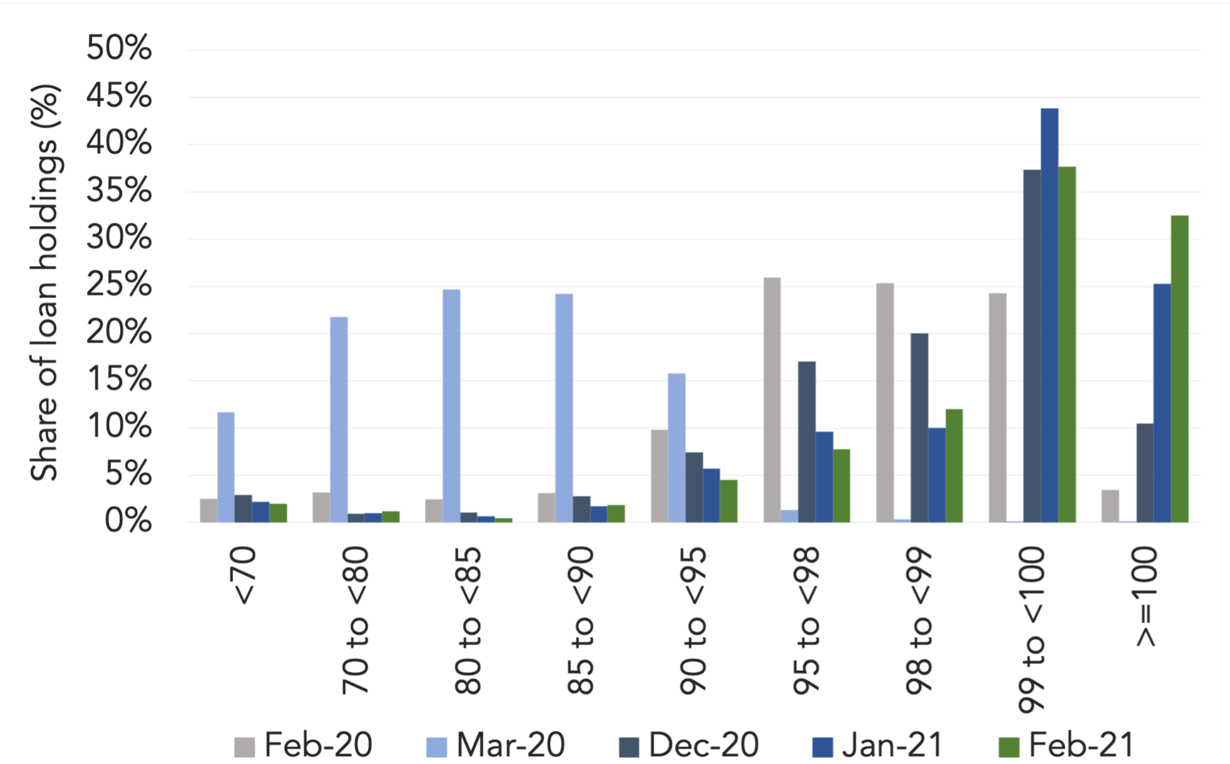

Positive fiscal and monetary stimulus news coupled with improving vaccine distribution and availability continued to bolster the financial markets and have led to a robust recovery in secondary loan bids in 2021. The average bids of loans held in US CLOs moved higher this February when compared to pre-pandemic levels, according to data from LPC Collateral.

The share of CLO assets marked at 99 or higher was 70%, and the share marked at par plus was 33%, up from 60% and 25%, respectively, in January. One year prior, the share of CLO assets marked at 99 or higher was 28%, and the share marked at par plus was 3%. Meanwhile, the share of loans pricing at distressed levels was 3% at the end of February, a 50% drop from the 6% share recorded in February 2020.

The overall average bid for US CLO portfolios was 98.06 at the end of February, up 132bp in 2021 and up 276bp from levels in February 2020. It is the highest overall average bid since October 2018 (98.52) and up 16.5pts from the lowest monthly average bid in March 2020 (81.52).