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Institutional loans & high yield bonds log another strong month in November

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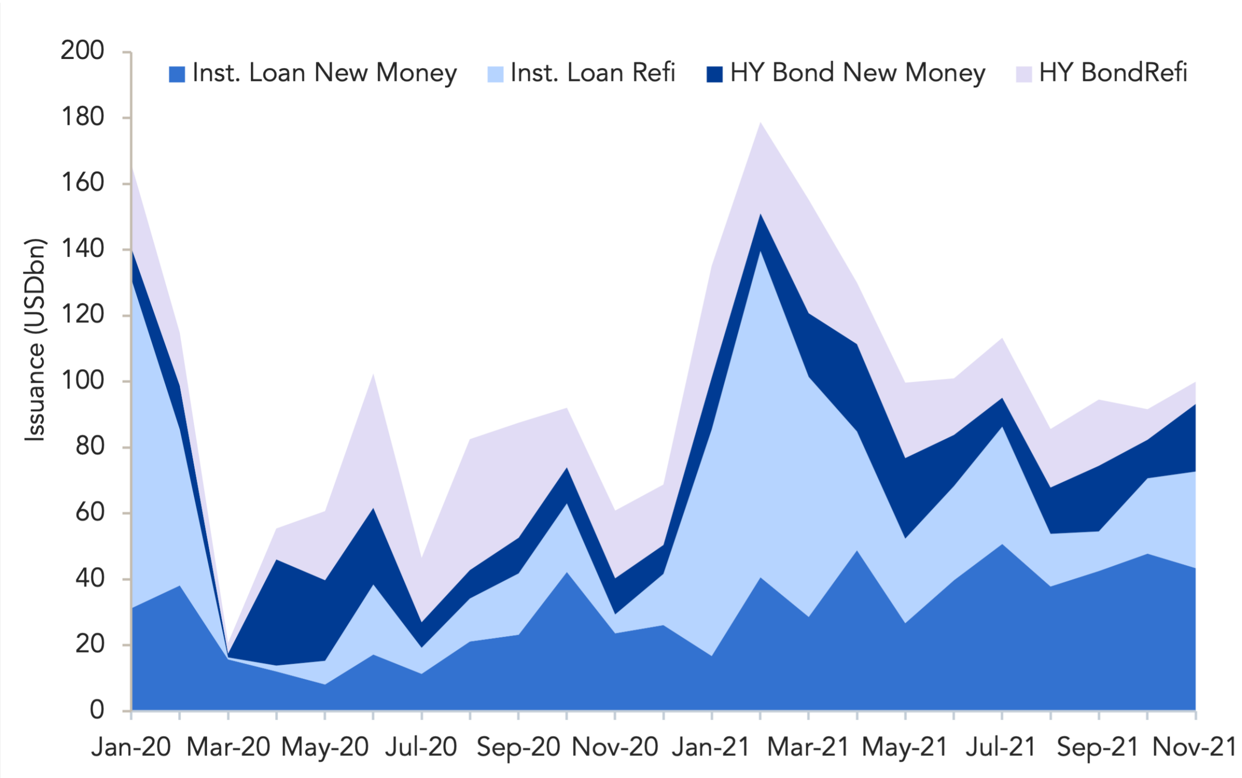

Source: Debtwire Par

The leveraged debt capital markets remained strong through November, with leverage loan volume holding steady and high yield bond issuance seeing a month-over-month improvement. Leading up to the Thanksgiving holiday, the syndication pipeline was bursting, with approximately USD 51.5bn of loans and bonds in syndication during the week of 15 November, which fell to just USD 10.5bn the following week as deals wrapped in time for Thanksgiving dinner.

Institutional loan issuance moved up month-over-month, to USD 72.7bn, with new money purposes accounting for 60% of the monthly total. Acquisition activity hit a year-to-date high at USD 22.3bn, as add-on acquisition loans proliferated. Jumbo acquisition loans, such as **TransUnion**'s USD 3.1bn TLB due 2028 and USD 640m second lien term loan due 2029 helped boost the monthly figure. Proceeds, together with a USD 300m revolver, support the company's acquisition of **Neustar** and **Sontiq**. Compared to this time last year, M&A activity is up 108% as the backup of M&A deals shelved or delayed during the coronavirus (COVID-19) pandemic filter through the market.

High yield bonds also saw an increase over the prior month's issuance, landing at USD 27.2bn in November. High yield bond issuers jumped back into action as more clarity emerged from the Federal Reserve around the tapering of its monthly bond-purchasing program, as well as inflation, with some senior officials hinting at a potential rise in key rates by the end of 2022 if unemployment figures continue to drop as projected to 3.8% from the current 4.6%.

The largest high yield bond financing of the month was **DISH DBS Corp**'s USD 5.25bn dual-tranche secured note offering to fund general corporate purposes. The USD 2.75bn tranche due 2026 priced at 5.25%, while the USD 2.5bn 2028 paper landed at 5.75%. Meanwhile, **Carnival Corp** issued a USD 2bn unsecured note due 2029 at 6% and par, with proceeds slated to repay outstanding debt.

Combined institutional loan and high yield bond issuance of USD 99.9bn in November is up 78% from the November 2020 figure.

(Past performance is no guarantee of future results.)