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More institutional deals get done without a CSA this month

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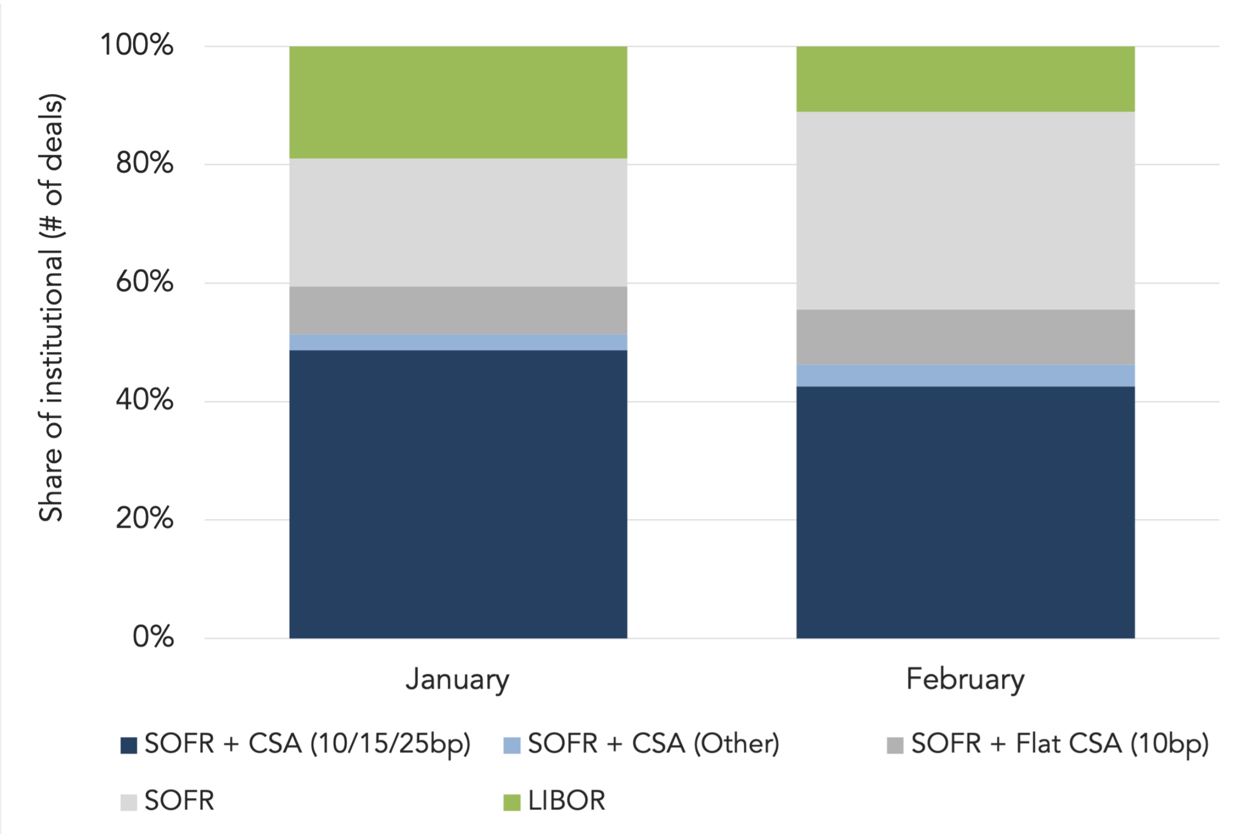

The institutional loan market has mostly shifted to a term SOFR base rate this year. While there are a few deals that have been done at a spread over Libor, these are on the decline.

Only 11% of institutional term loans so far in February have been priced off the Libor rate. As the market adapts to the new SOFR benchmark, there are different approaches when it comes to credit spreads adjustments (CSA). The majority of institutional term loans priced this year have a CSA of 10bp based on one-month SOFR, 15bp based on three-month SOFR and 25bp based on six-month SOFR.

Alternatively, there are other institutional term loans pricing with a flat CSA of 10bp across all tenors. While a CSA is present in the majority of institutional deals, an increasing number of deals are getting done without a CSA. In January, 22% of institutional term loans did not have a CSA, but so far in February this has climbed to 33% of the deals.

(Past performance is no guarantee of future results.)