1H22 Leveraged volume down 31%; HY bonds off 75%, institutional loans down 61%

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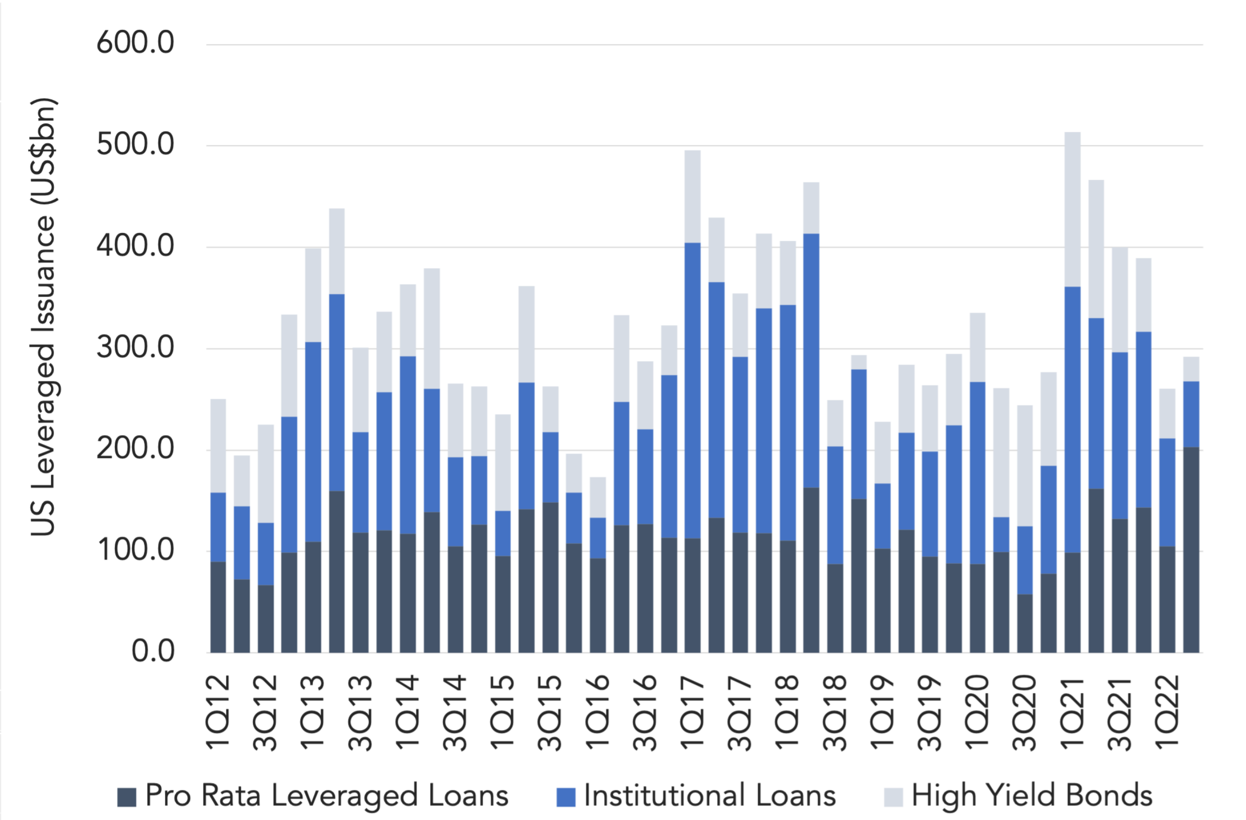

The US leveraged market dramatically slowed in 2Q22, completing just over US$292bn of loan and high yield bond volume to bring totals for the first half of the year to less than US$480bn, down 31% year over year. The lack of macro economic stability – including rising inflation, ongoing supply chain concerns, and growing fears – fuelled investor uncertainty and broad market repricing. The 75bp rate hike imposed by the Federal Reserve in early June only added to market volatility. Both the high yield bond and loan markets saw bids decline in dramatic fashion, causing the near shut down of new bond issues and a very limited pipeline of loans to clear the market. At the same time, leveraged lenders faced a backlog of US$20bn of underwritten credit which had yet to clear retail syndication. At US$24.4bn 2Q22 HY bond volume represented the weakest results since 4Q18 while year to date totals marked a drop of 75% year over year. The loan market was a bit more actionable – although still constrained by technicals. At US$64.5bn, 2Q22 institutional was down 62% year over year.

(Past performance is no guarantee of future results.)