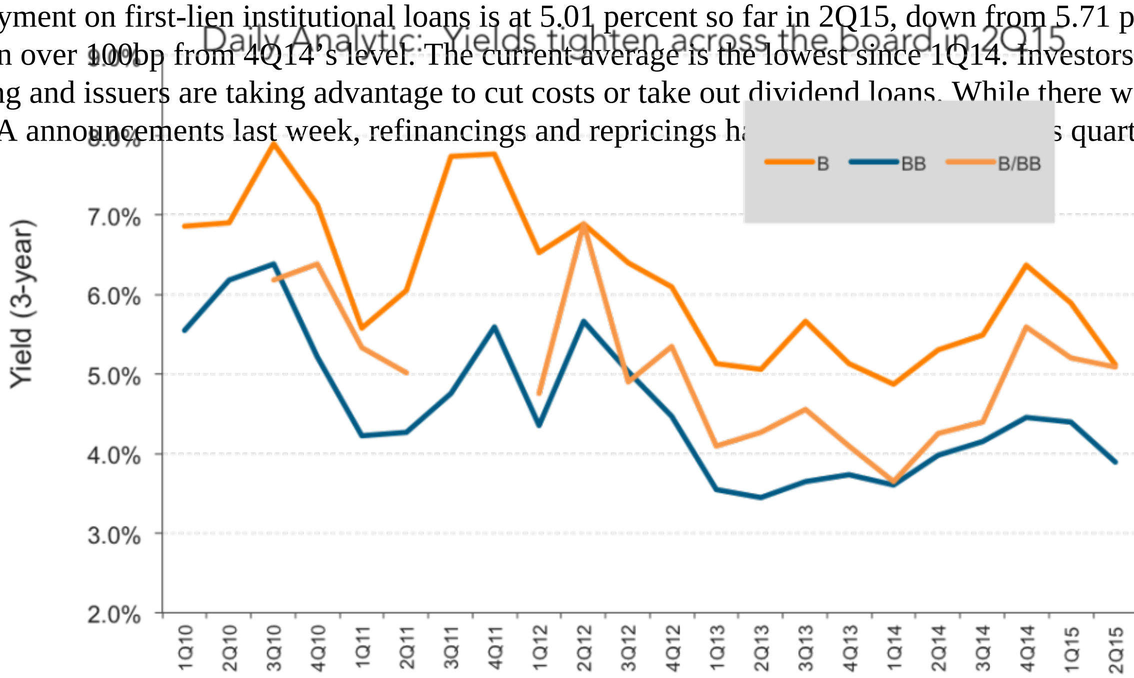
Leveraged Loan Insight & Analysis – 6/8/2015

LSEG | June 9, 2015

Yields on institutional term loans have tightened in 2Q15. The average yield assuming a three-year term to repayment on first-lien institutional loans is at 5.01 percent so far in 2Q15, down from 5.71 percent in 1Q15, and down over 100bp from 4Q14's level. The current average is the lowest since 1Q14. Investors' appetite remains strong and issuers are taking advantage to cut costs or take out dividend loans. While there were some jumbo M&A announcements last week, refinancings and repricings ha s quarter.



The decline has taken place across the risk spectrum, but more so for lower rated issuers. The average yield for B-rated issuers is 5.12 percent so far in 2Q15, down from 5.89 percent in 1Q15. BB-rated issuers follow with an average yield of 3.89 percent so far this quarter, down from 4.4 percent in 1Q15. The average yield for split-rated issuers is at 5.09 percent, slightly down from 1Q15's 5.2 percent and almost on par with the average for B-rated issuers.

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