Leveraged Loan Insight & Analysis – 6/29/2015

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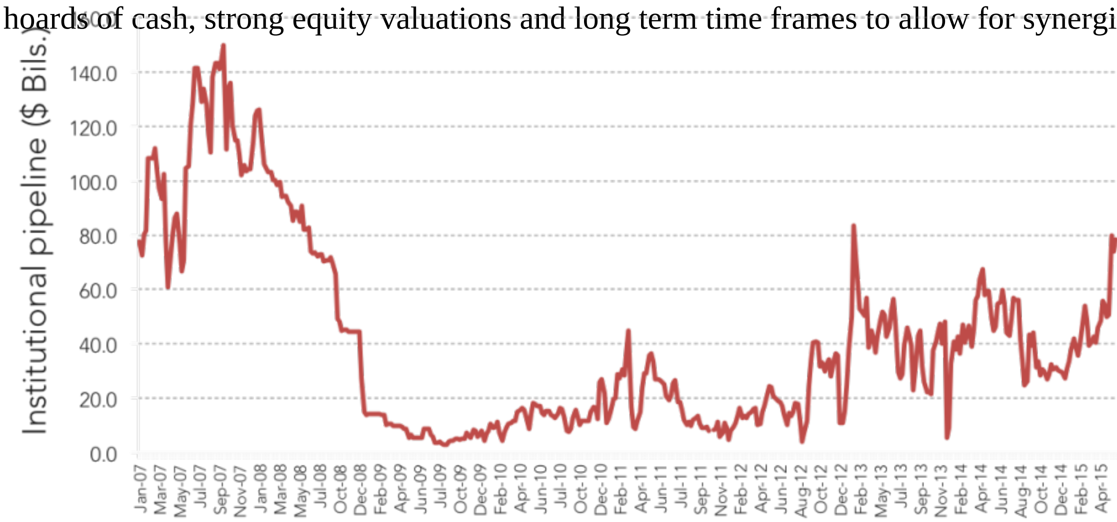
The institutional pipeline has ballooned in recent weeks on the back of several sizeable M&A deals. Last week, the calendar reached almost $80 billion, which is the highest level since February 2013. The driver of the jump is mostly two jumbo sized M&A deals for Charter Communications and Avago Technologies. Together, those two institutional deals make up almost 40% of the calendar. Strategics have been dominating M&A activity this year given hoards of cash, strong equity valuations and long term time frames to allow for synergies.



Lenders believe this trend will continue for the remainder of 2015, while private equity funds will continue to struggle to compete with corporates. LBO volume showed another light quarter in 2Q15. After only reaching $19 billion in 1Q15, volume stayed flat so far in 2Q15 at around $18.7 billion. Furthermore, volume has remained low because most of the activity continues to occur in the middle market, which is outpacing large corporate two to one. Further boosting the institutional pipeline has been strong refinancing activity. After plummeting to only $8.6 billlion in 1Q15, completed institutional refinancing volume skyrocketed in 2Q15 to $96 billion.

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