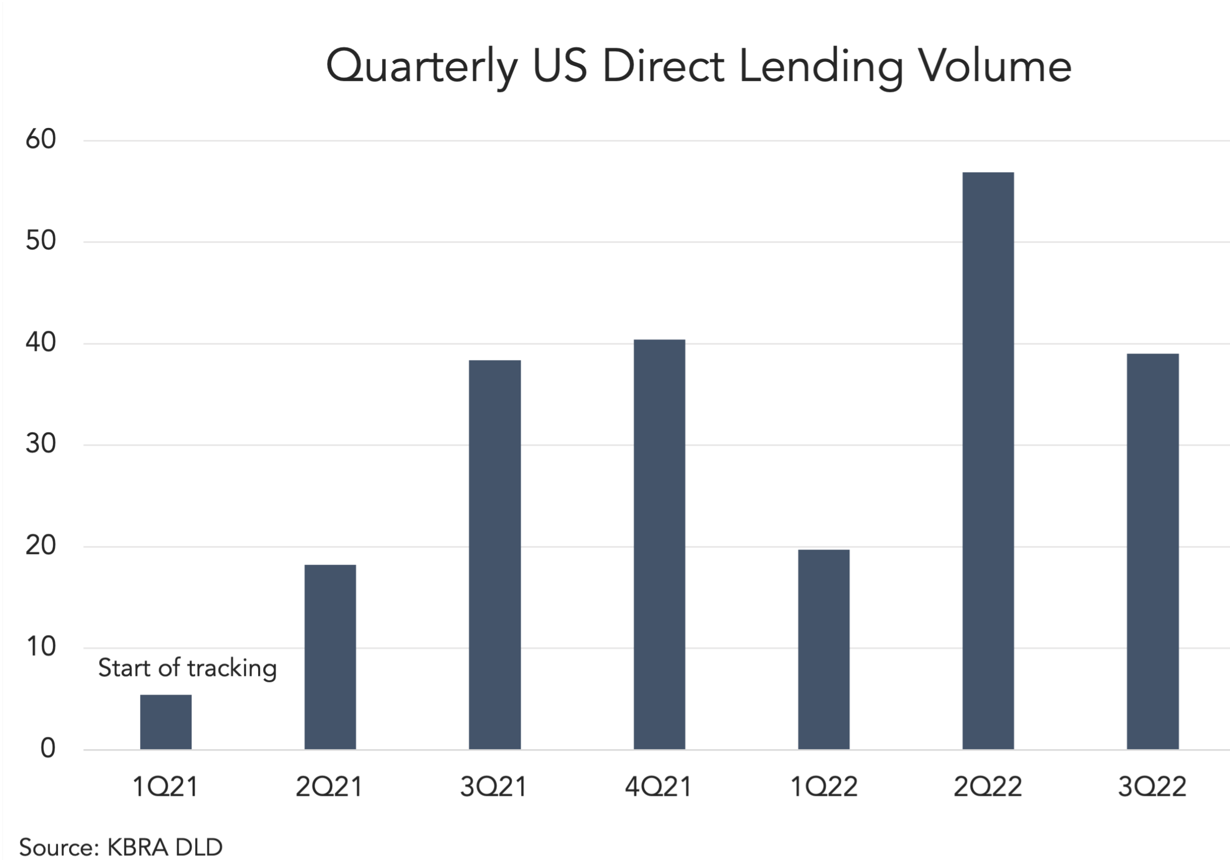
KBRA DLD records $39B for 3Q22 volume, tops BSL & HY combined

KBRA DLD | October 13, 2022



Direct lending volume topped output for liquid credit in the third quarter for the first time since *KBRA DLD* started tracking this data in January 2021. New issuance for US sponsored direct lending finished at $39 billion, nudging ahead of the $38 billion recorded for high yield and institutional leveraged term loans combined, per *Pitchbook LCD*. Keep in mind that *KBRA DLD* captures only a slice of this opaque market, and the actual new-issue tally is far higher.

What's more, direct lending beat liquid credit despite falling 33% from the second quarter's $57.8 billion, as tracked by *KBRA DLD*. The drop is significant but relatively mild compared to prior quarters and the drought across the broadly syndicated and high yield markets. In direct lending, third-quarter volume was ahead of the $38 billion tracked in the same period a year ago, and the decline was only about half of the 60% rollback in the first quarter following an unusual surge in late 2021 on pent up demand post-Covid.

By contrast, high yield struggled to post $16.9 billion in new issuance, its second worst quarter ever, per *Pitchbook LCD*, while syndicated loans plunged 62%, to $21.4 billion, the worst quarter since the Great Credit Crisis of ‘09, and down 86% from the third quarter last year.