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1Q23 middle market syndicated lending dropped to US$27bn

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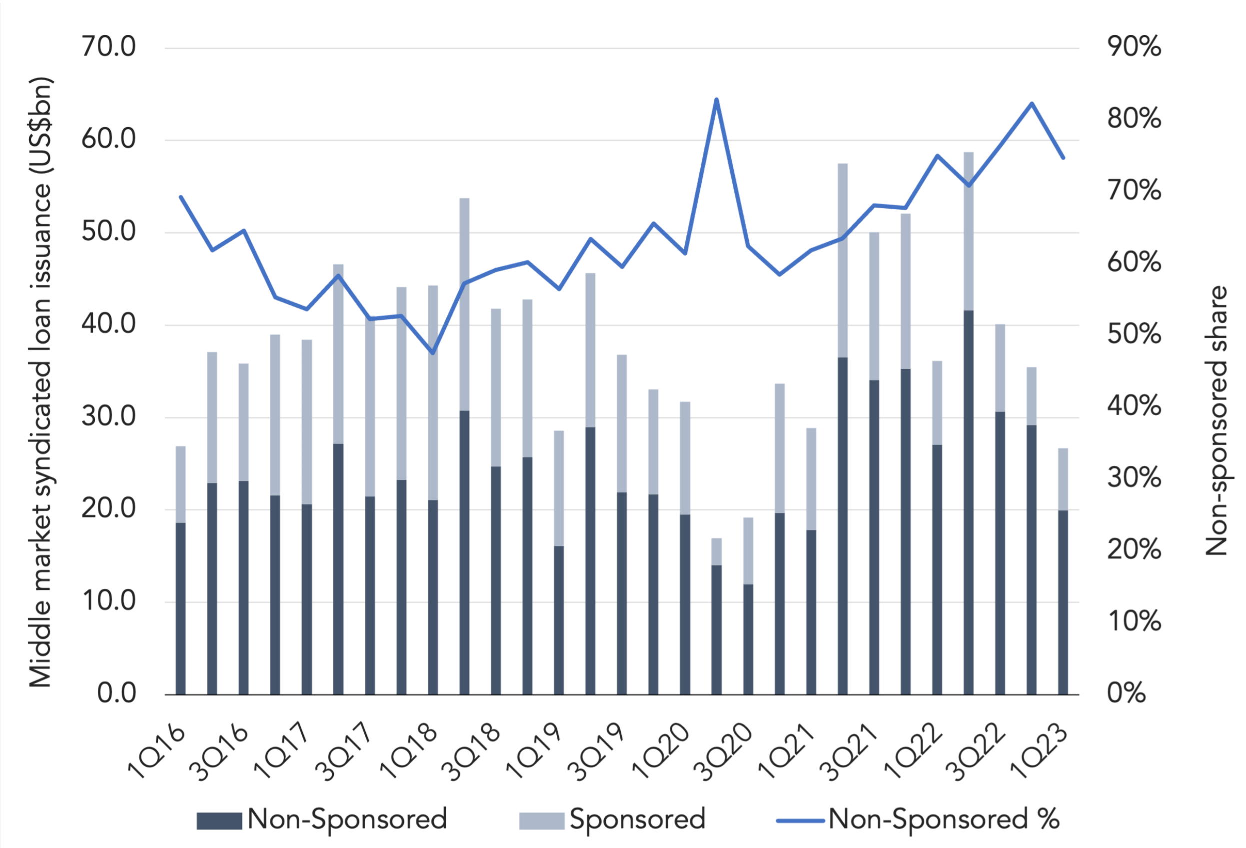

Source: Refinitiv LPC

At US$26.7bn, 1Q23 middle market syndicated lending dropped to its lowest level since the pandemic. The year began on slow footing with depressed M&A activity and lower quality dealflow. Then in March the banking crisis hit, leading to a lot more caution from issuers, sponsors, and lenders. Non-sponsored lending of US$20bn dropped 32% from 4Q22 and 26% year-over-year. Similarly, at US$6.7bn in volume, sponsored lending was down 25% year-over-year but was almost flat from 4Q22. Against this backdrop, two-thirds of banks and 52% of direct lenders that took Refinitiv LPC's 2Q23 middle market outlook survey said they were not able to lend as much as they wanted to in 1Q23. Lending in a declining performance environment, finding high quality opportunities, a potential recession, the full effect of rising interest rates on LTM numbers, and limited M&A activity are top concerns on middle market lenders' mind for the rest of the year.

(Past performance is no guarantee of future results.)