US sponsored middle market direct lending volume increased in 2Q23

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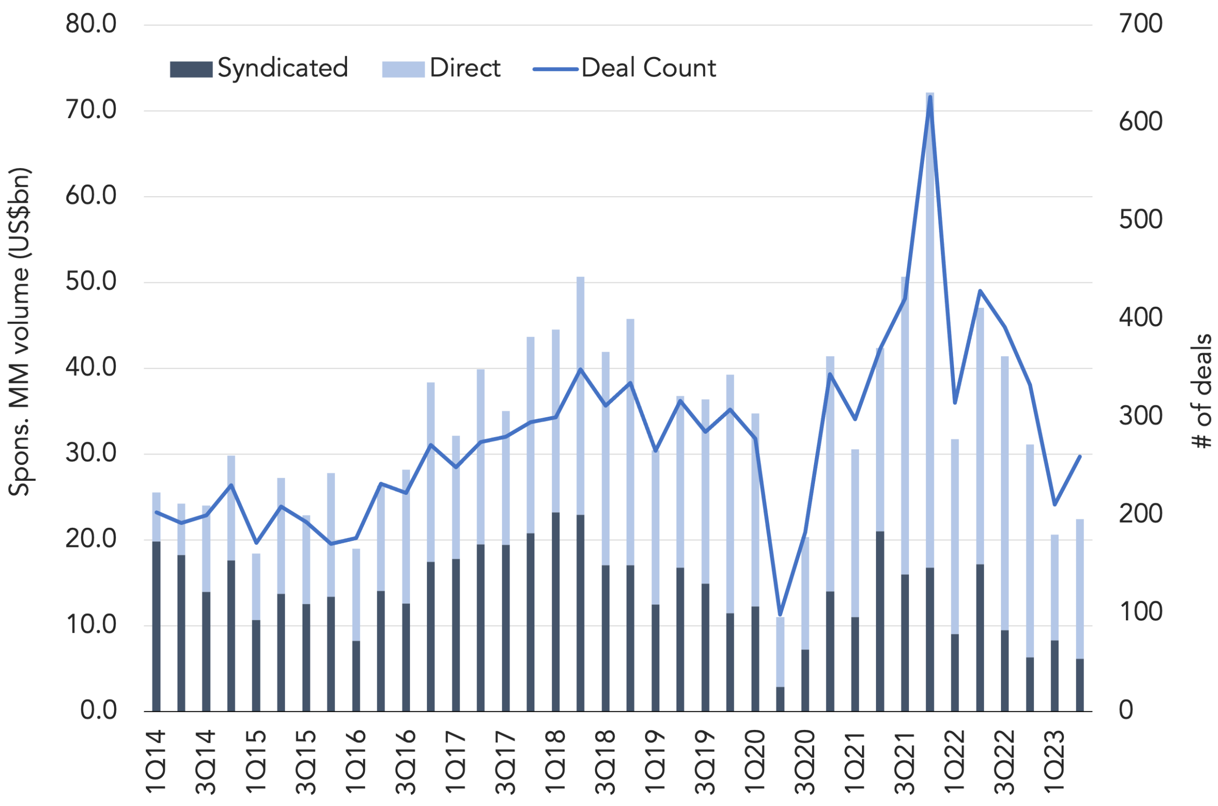

Source: Refinitiv LPC

Activity picked up in the US middle market direct lending space in 2Q23 but remained at lower levels. At US$16.3bn, sponsored middle market direct lending volume was up 32% from 1Q23 but was down 46% year-over-year. In contrast, the syndicated sponsored market slowed down relative to 1Q23, with issuance dropping 26% quarter-over-quarter and a whopping 64% from 2Q22. In turn, the ratio of direct lending to syndicated loan volume climbed to 2.6 times after dropping to 1.5 times in 1Q23. Finding quality deals, low M&A activity and more selectivity continue to be the main factors hindering activity in the sponsored market.

(Past performance is no guarantee of future results.)