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As par-plus loans begin to drift lower, new repricing candidates prove no easier to find

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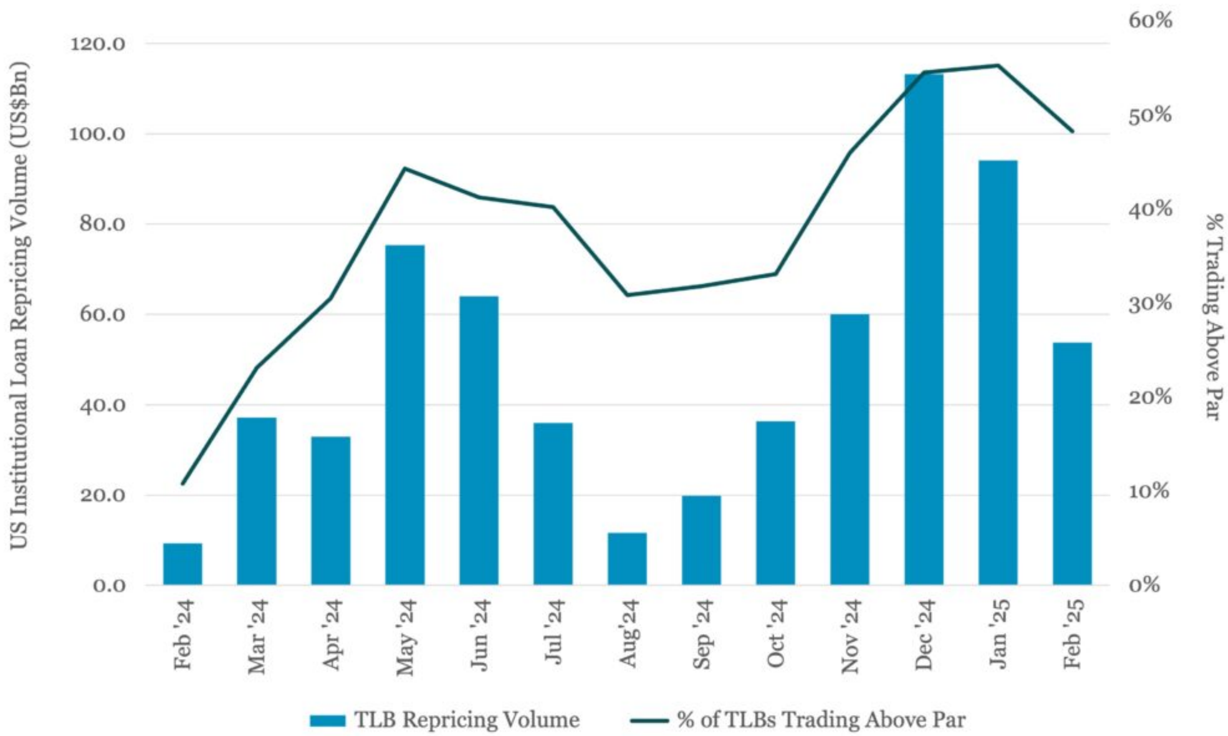

Source: LSEG LPC, LSTA/LSEG LPC MTM Pricing

Regardless of where one points the blame – a slight downshift in technicals, cracks in broader market conditions, or the self-fulfilling dynamic that the vast majority of issuers that could reprice have already done so – the share of institutional loans trading above par has begun to move noticeably lower. Par-plus loans now account for 48% of the secondary market, still a commendable share although trending below 50% for the first time since November. And term loan B repricings have begun to slow in parallel, with February issuance trending nearly 50% lower since January, at US$54bn versus US$94bn, respectively. There's still one week left in February for a final push, although one can't help but ask: Is the Great Repricing Wave beginning to finally turn? Or simply taking a much needed breather? Two related themes seem fairly certain: (1) Straight refinancings are beginning to take prominence over mark-to-market repricings, as repricings now account for nearly 50% of total institutional loan refinancings versus about 75% in January; (2) Investors are still holding the floor for institutional loan pricing at S+175bp, at least for now.