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Lenders offer deep discount on new loans in April

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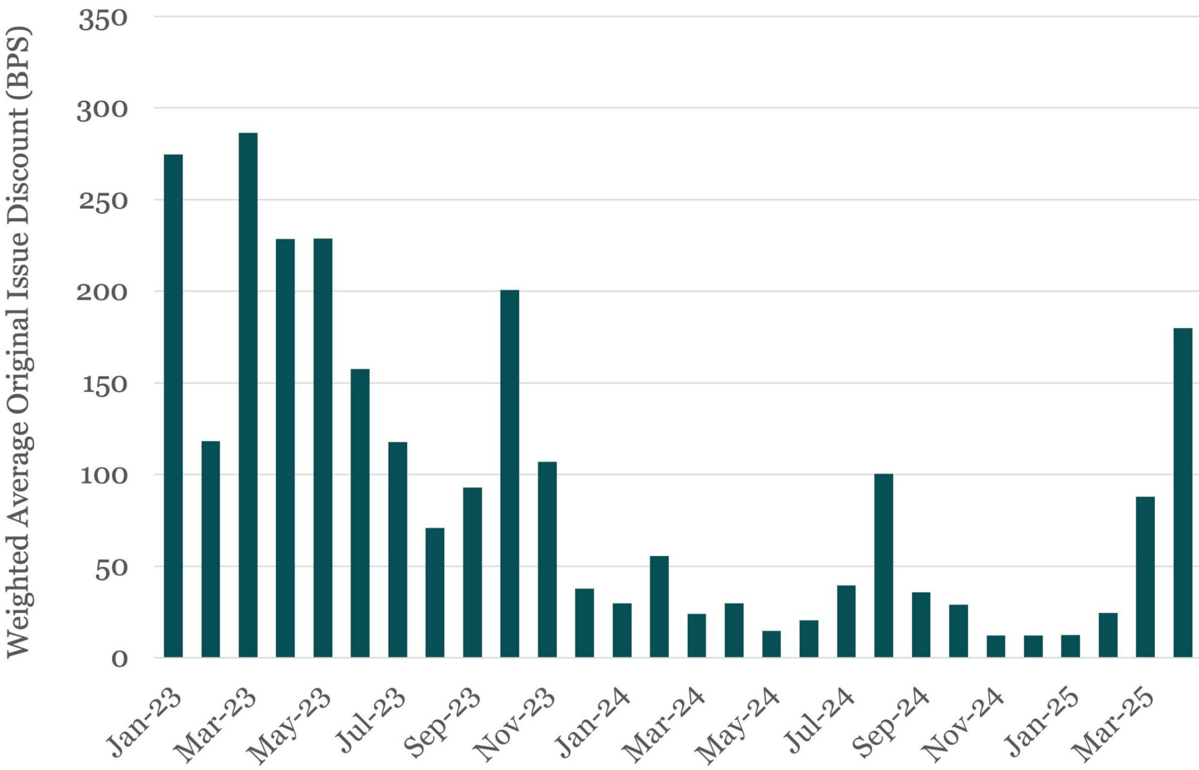

Source: Bloomberg Data

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Primary issuance has come at a discount amid a broader selloff in the leveraged loan secondary market, which has led bids to decline to an average of 95.77 on April 30th from 97.33 at the start of the year, according to the Morningstar LSTA US Leveraged Loan Index.

The average original issue discount offered to investors ticked up significantly this month to an average of 180 bps, from 88 bps in March and just 12bps in January when most loans were issued at par. In fact, this is the first month this year that all loans have been priced at a discount to par, and marks the widest average monthly OID since October 2023.

With the secondary market offering investors opportunities to scoop up cheap debt, lenders have had to offer aggressive pricing to offload some loans. Foundation Building Material’s $350mm TLB to finance the company’s acquisition of Rew Materials was recently offered at a discount of 92.5.

Contact: Vincent Daigger
vdaigger@bloomberg.net