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# Leveraged Loan Insight & Analysis – 6/20/2016

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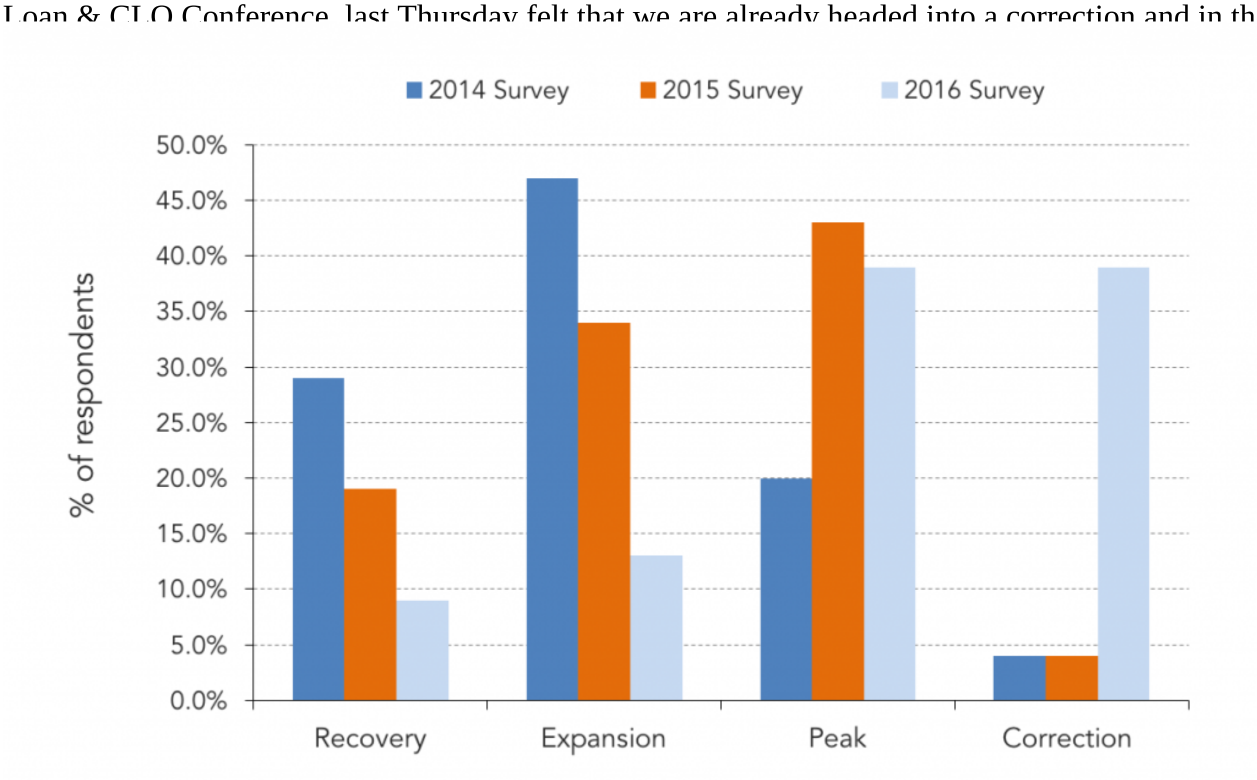
**Survey: Where are we in the credit cycle?**

Thirty-nine percent of buyside and sellside institutions in the room at Fitch Ratings and Thomson Reuters LPC's Loan & CLO Conference, last Thursday felt that we are already headed into a correction and in the late stages of

d, another 39%

Meanwhile,

% in 2015 and




Meanwhile,

38% said the fact that interest rates haven't moved up has been the biggest surprise this year. Roughly one quarter said the more dramatic slowdown in CLO issuance was the biggest surprise. Given the lack of loan of supply, high liabilities spreads, and Risk Retention looming, analysts have been steadily cutting predictions which began in the US$70bn range for 2016 full year issuance and have been scaled down to US$45bn in recent weeks. The lack of new issue supply stood out to 17% of the attendees as the biggest wildcard while only 14% chose the increase in defaults and deterioration in credit quality as the most unexpected event this year. Fund flows were only surprising to 8% of attendees given that they're expected to stay low, alternating between outflows and slightly positive inflows until rates begin to rise. However, it remains up for debate whether inflows rise more dramatically when rates are rising or when they exceed LIBOR floors.

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