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1H17 US Syndicated loan volume hits record high at over US$1.2Tr

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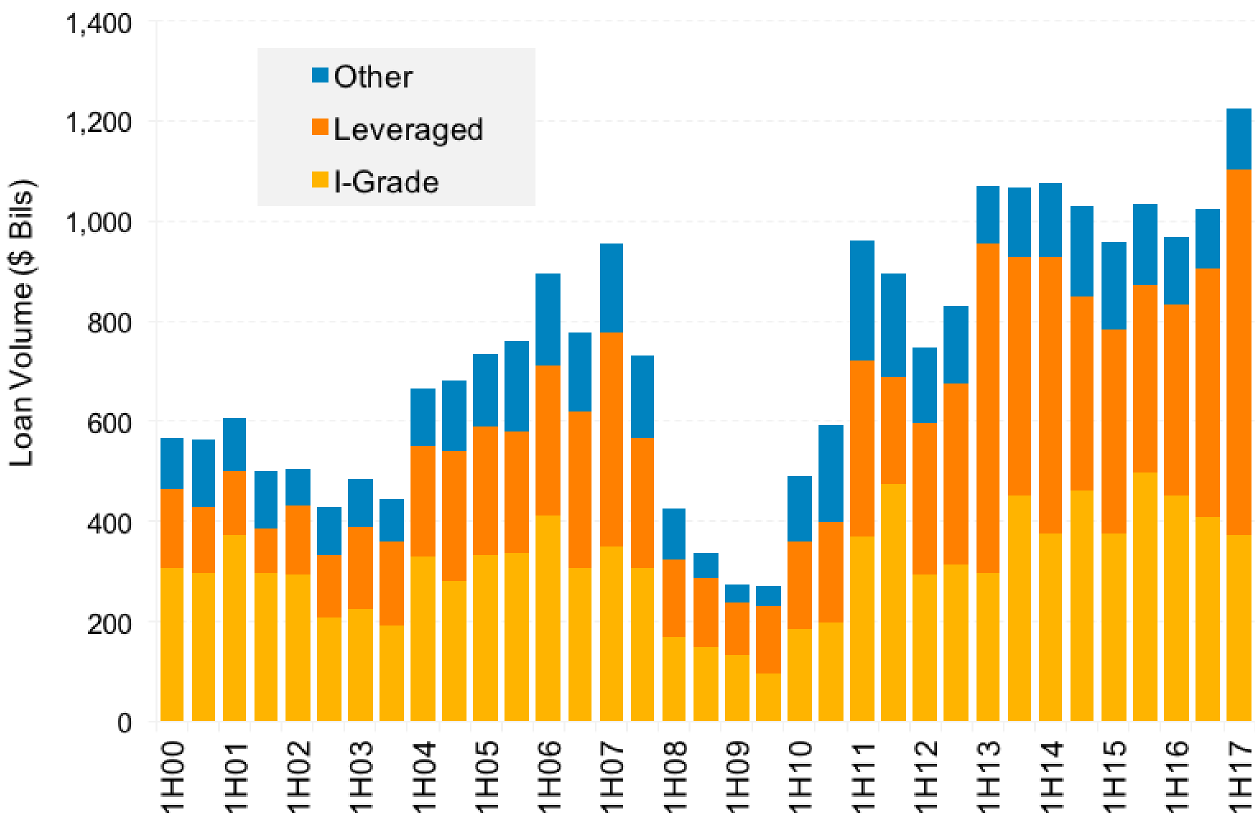

US syndicated loan issuance hit a new milestone in 1H17 to mark the highest half year total on record at over US$1.2T (an additional US$21.6bn of clubbed loans also worked their way through the market to bring US corporate issuance to nearly US$1.4Tr in 1H17). Syndicated volume represented a nearly 14% increase over the previous 6 month high set in 1H14. Although this should have been pleasing to the market, lender sentiment was qualified. At just over US$327bn, new loan assets represented less than 27% of total syndicated volume as large M&A financings were slow to come together amid elevated valuations and ongoing uncertainty around government policy initiatives. Investment grade issuers observed an unexpected slow down among lenders tapping their lenders for seasonal maturity extensions, but leveraged borrowers were unrelenting, many coming to the market for the second or even third time to cut pricing. Still, there were limits to what lenders could stomach. Investment grade issuers completed over US$228.5bn in syndicated deal volume in 2Q17, largely keeping spreads stable – a number of more aggressive price points came to market in the last few weeks of the quarter on select names, raising the ire of some lenders, but most concede that these are the exceptions. In the leveraged space, quarter over issuance was down 17% at under US$333bn but supported a record setting US$723bn in 1H17 leveraged volume. Less than 30% represented new loans.however, dampening market enthusiasm. Instead, for much of the quarter, issuers flirted with pricing floors and aggressive structures on recycled deals prompting investor pushback on a number of credits in the later part of the quarter.