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It was probably mission impossible, but we gamely tried this week to complete a personal Top Ten list. This one is called "Top Ten Best Things About Rupturing Your Quadriceps Tendon in Church on Father's Day."

#10 came quickly. "The minister was right there to deliver last rites." #9 was relatively easy: "A brand-new walker makes the perfect Father's Day gift!" But it's stalled there.

There was also sufficient skepticism surrounding the incident to affect the most innocent observer. Our three-year old daughter watched us haltingly maneuver the walker around the house. "Daddy," she finally asked, "does that thing have a 'Faster' button?"

While we pondered our own hobbled existence for the next six months, we noted a similar uncertain future for the leveraged loan market.

To be sure liquidity is plentiful. According to S&P LCD US loan volume soared to $558 billion – a record for any first or second half of a year. That also represented almost $300 billion of new issuance – more than double the same period last year.

And the loan supply/demand seesaw has settled in favor of the supply side. For the first time since February 2016, there was a surplus of loans vs. demand – more than $22 billion per S&P. That was in part thanks to the flagging strength of retail cash in-flows that shrunk from $8 billion last December to a measly $200 million last month.

The swing towards a more supply-friendly balance came in spite of improved CLO volume. S&P's June data showed $13.7 billion in new vehicle creation, up from $9.8 billion in May, and more than double the $6.6 billion volume recorded in June of 2016.

But in middle market land, it's hard to make a more bullish case for investors any time soon. As our *Chart of the Week* shows sponsored loan activity slumped somewhat for the second quarter just ended, according to Thomson Reuters LPC. While better than its counterpart last year, volume was off 14% from the first quarter's level.

In commentary from LPC clients, consistent themes emerged – trends familiar to *Lead Left* readers. The quality of transactions is down. Competition for lead arranged mandates is fierce, imposing bad structures on good companies. Finally, fee-hungry arrangers are flogging aggressive terms to a wide variety of opportunistic borrowers, inducing headshaking from the investors reviewing them.

The backdrop for credit could not appear more favorable – low interest and default rates, record equity indices and a wide-open bond market. The Fed is firmly hawkish, fighting inflation where there doesn't seem to be any. It's hard to see a correction anytime soon. As one noted economist put it, "this isn't the economy we're used to."

For middle market players, however, the question remains, will M&A volume pick up during the second half of the year? If so, there are likely good assets to be invested in. If not, market players will spend their free time hoping the other leg will drop.