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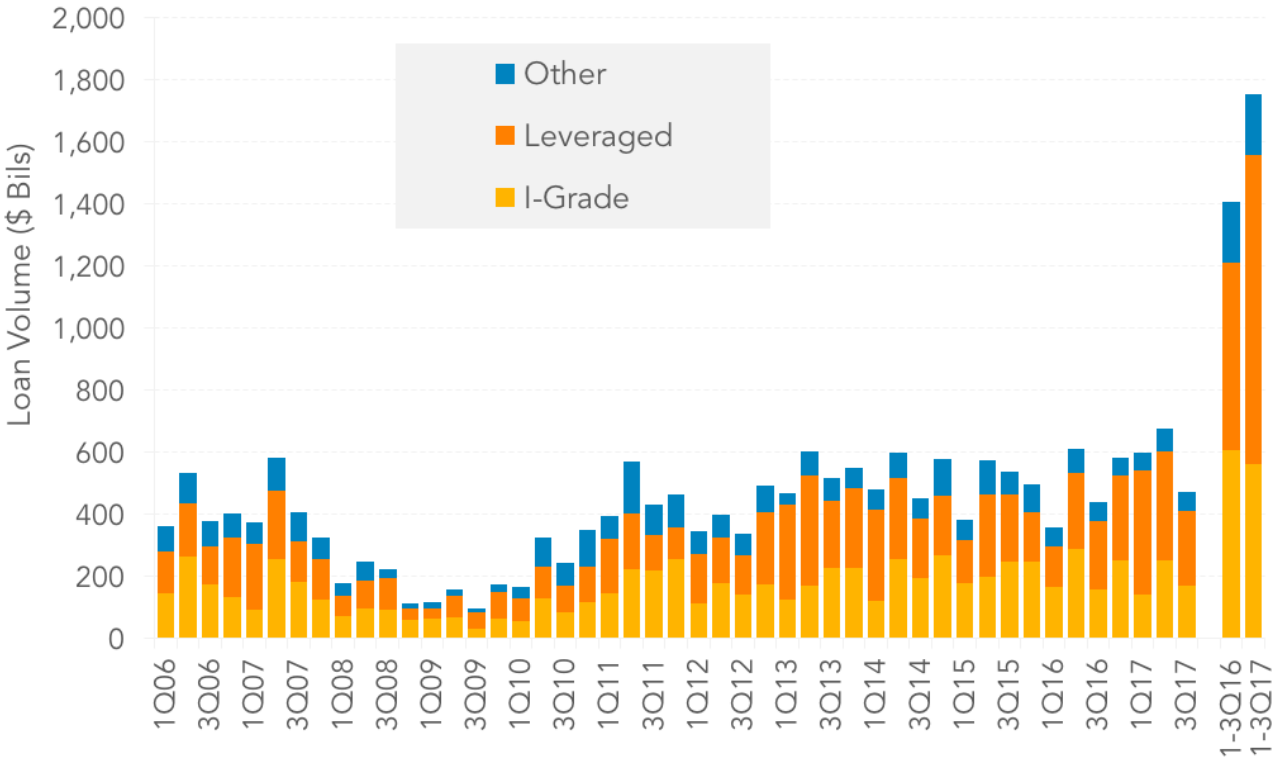
1-3Q17 Leveraged loan volume sets new record at $994Bn

LSEG | October 5, 2017



Amid the traditional summer lull, US syndicated loan issuance slowed meaningfully in 3Q17 to push less than $475B through the market and boosting US totals to $1.75T for the first nine months of the year (and additional US$42B of clubbed loans have also been completed so far to bring US issuance to over $2Tr in 1-3Q17). Syndicated volume represented a nearly 25% increase year over year and the highest total for the first nine months of any year since 2013. Lenders across both the high grade and leveraged space noted that the market stayed fairly busy through the summer as investment grade jumbo deals including Gilead and United Technologies were announced and leveraged lenders began work on a roughly $70Bn debt package backing Altice NV's possible acquidition of Charter Communications, to supplement a steadier stream of comparatively smaller buyout financings. At $552Bn, 1-3Q17 new loan assets represented nearly 32% of total syndicated volume, up from 27% of total 1H17 issuance. Investment grade lenders noted that refinancing activity, while steadier than earlier this year, was none theless unremarkable. Several issers held off refreshing existing backstop facilities in anticipation of tax and repatriation policy out of Washington, DC. This resulted in a flattening of the high grade maturity cliff and a series of shorter dated tenors on a number of credits. Investment grade issuers completed $168.5Bn of syndicated deal volume in 3Q17 to bring year to date totals to just under $564Bn. While pricing remained relatively flat with a slight downward bias, lenders noted that aggressive deals

did resurface.

In the leveraged space, quarter over quarter issuance was down 31% at under US$242bn but supported the record setting pace of deal flow set in the first half of the year to bring 1-3Q17 totals to US$994bn. Less than 34% represented new loans however, and as a result, issuer driven terms and conditions remained largely in place – most especially for well known, performing credits. Still, the market was less forgiving on deals that tested lender appetite for excessively loose terms.

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