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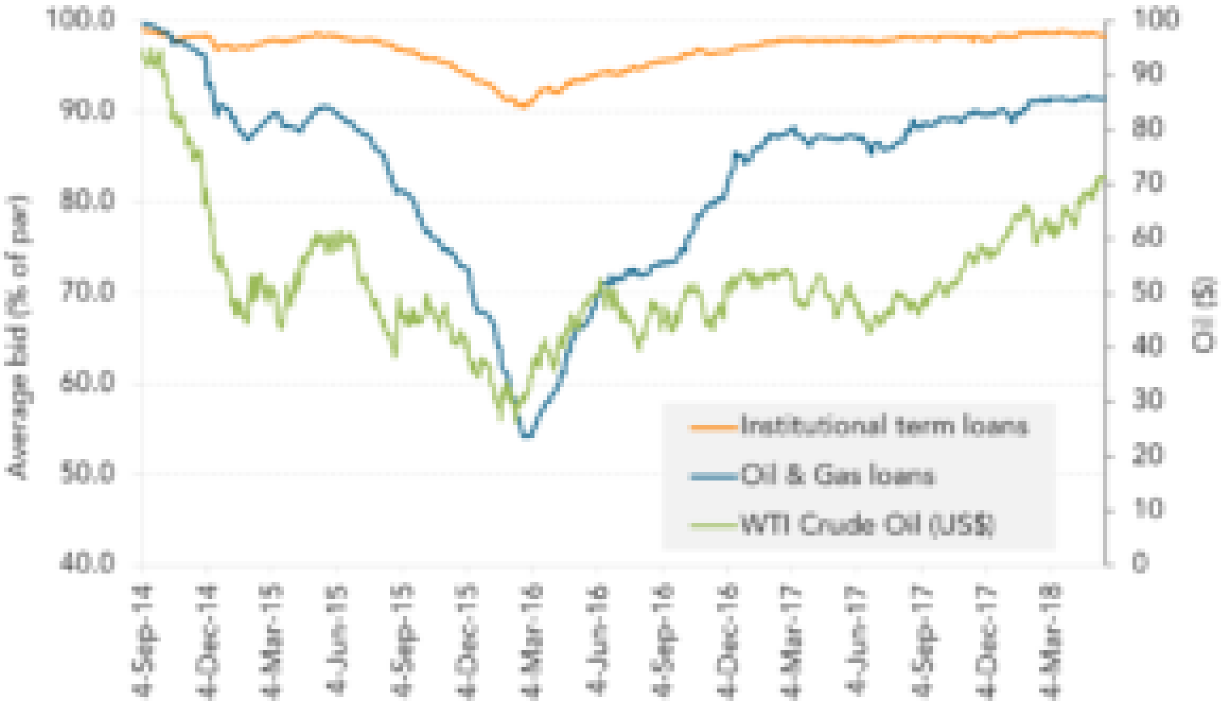
Oil & gas loan prices climb in tandem with higher oil prices

LSEG | May 24, 2018



Secondary market oil and gas loan prices have climbed 137 bps so far this year in tandem with higher oil prices that surprised, jumping almost $11 this year to $71.3 a barrel. Oil and gas loans have rebounded from the lows hit in 2016, when a plunge in crude left oil & gas assets reeling. Currently, the average bid stands at 91.5 cents on the dollar, with only 9% of loans bid below 50, compared to 11% at the end of last year and 22% in June 2016. On the other side of the price scale, 79% of oil & gas loans are bid above 90 cents of the dollar, compared to 72% at the end of 2017 and only 32% in June 2016. Within the sector, the upstream and services subsectors are bid lower on average than midstream and downstream credits. Looking across industries, hotel & gaming, leisure & entertainment, and financial services are bid highest on average, while oil & gas and remains among the lowest in a richly-bid secondary market. In the broader loan market, loan bids have also continued to climb, with the average bid for multi-quote institutional term loans at 98.33 and the flow name SMi100 at 98.56. Despite broader capital market volatility, loans have performed well so far this year. Notably, the par-plus share of loans stands at 72%.