Leveraged Loan Insight & Analysis – 9/8/2014

LSEG | September 10, 2014

The average yield assuming a three year term to repayment, on first-lien institutional tranches is at 5.56 percent so far in 3Q14, up from 5.17 percent in 2Q14. Moreover, 30 percent of first-lien term loans have priced at a yield of 6 percent or above, up from 18 percent last quarter. Meanwhile, 41 percent of the deals have a yield of less than 5 percent, down from 52 percent in 2Q14.

Sept 8 2014 TRThe shift came as the loan market reacted to global volatility and investors took a step back. In August a few deals were postponed and many had to sweeten terms before crossing the finish line. Twenty three first-lien institutional term loans flexed up in August, surpassing this year's previous record of 22 upward flexes in both April and May. In contrast, only 5 deals were flexed down. In turn upward price flexes outnumbered downward price flexes by 4.6:1. This is a complete reversal of the trends seen in the loan market in the past few years. On a cumulative basis, downward price revisions have exceeded upward price flexes by 2.1:1 since January 2012. Underliers
How is Leveraged Lending Guidance changing lending dynamics? Register now for LPC's 20th Annual Loan Conference on Sept. 18th New registrations use PROMO "LEADLEFT2014".

Contact: Diana Diquez
diana.diquez@thomsonreuters.com