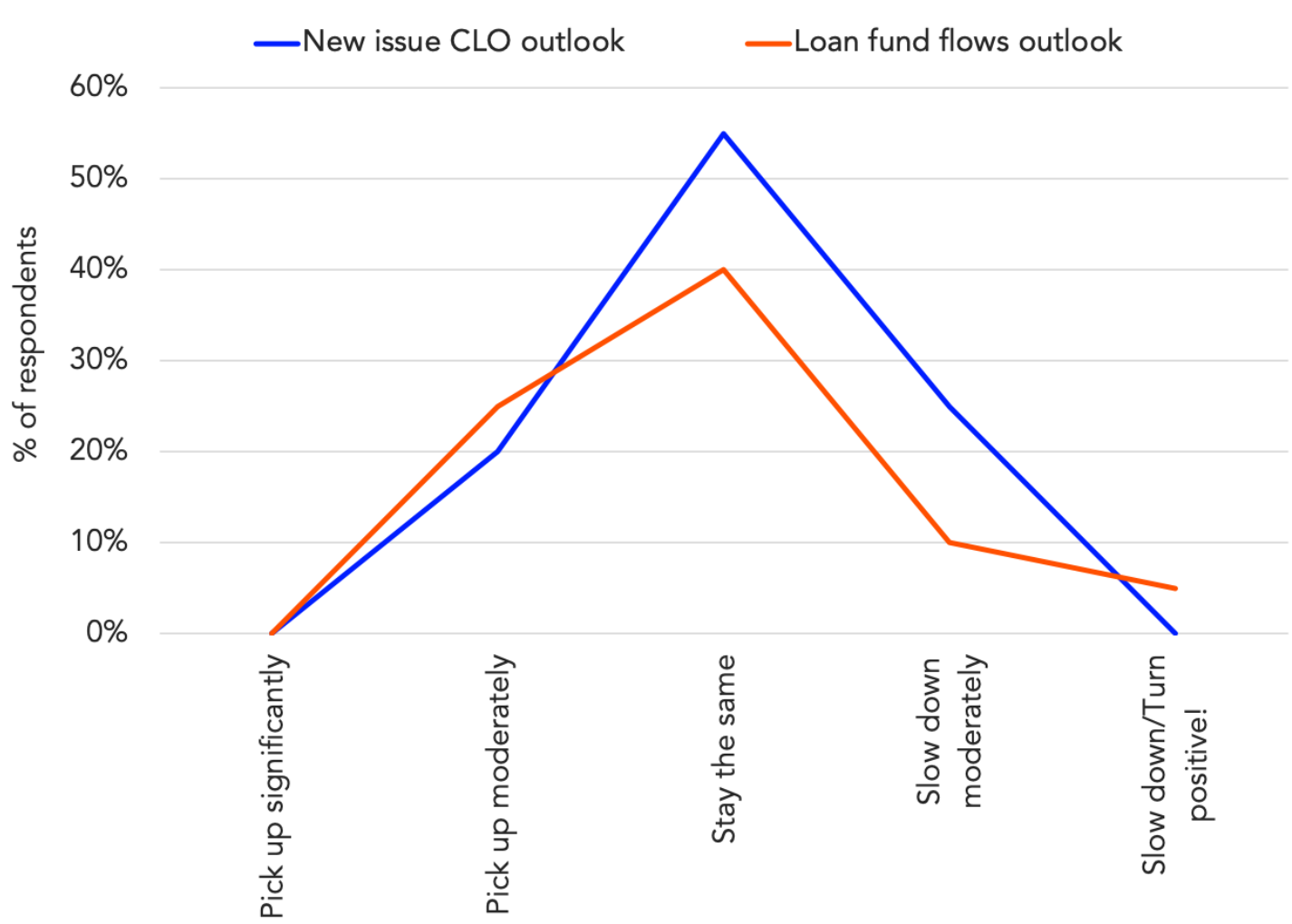
THE LEAD
https://theleadpc.com/leveraged-loan-insight-analysis-4-8-2019/

Market Survey: slowing pace of demand expected well into 2Q

LSEG | April 10, 2019



More than half of buyside and sellside players surveyed by LPC at quarter-end said that the pace of new CLO issuance will not pick up while one quarter said it could slow down moderately. Only one fifth said CLO issuance could pick up in the coming weeks. Even more immediate were the widely dispersed responses regarding the outlook for loan fund outflows, which are on a 20 week running streak. One fifth of investors and arrangers surveyed said the pace of outflows will accelerate given the Fed holding rates steady and announcing a pause in rate hikes. One quarter of respondents said outflows will pick up moderately, considering the US$1.36bn weekly outflow at the end of March to be the outlier. Meanwhile, 40% expect outflows to keep their current pace. Last week's outflow was US$793m, according to Lipper. Only 10% said outflows could slow down and five percent think they could turn into inflows sometime this quarter. One CLO manager summed it up: "Our biggest question mark heading into the second quarter is flows, flows, flows! The impact of retail on

our market. That money is not coming back anytime soon." One underwriter echoed, "The Fed announcement juiced the outflows and we heard a lot more about volatility from investors."

Contact: Ioana Barza
ioana.barza@refinitiv.com