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# Primary leveraged yields decline slightly in 3Q19

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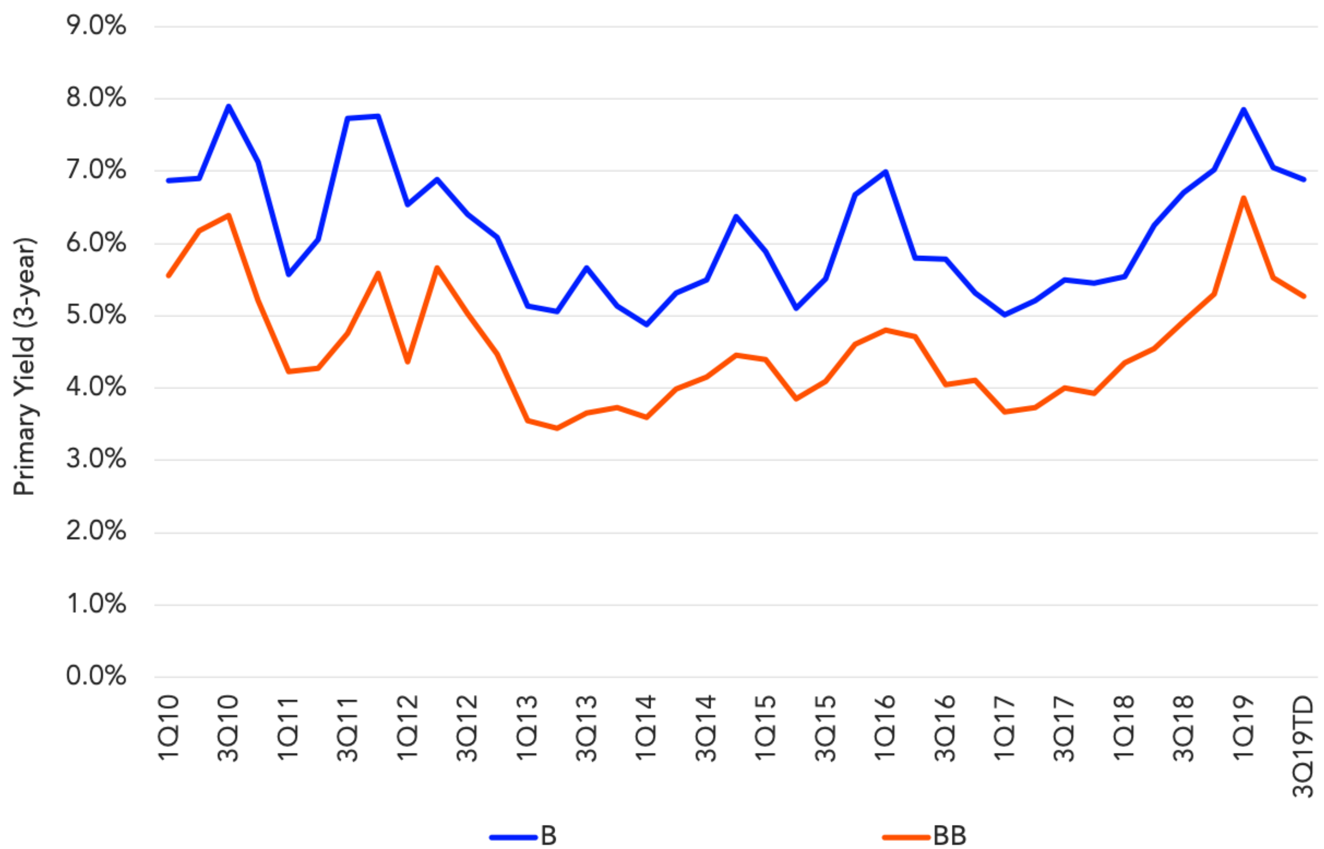


Primary yields have tightened slightly across rating levels so far in 3Q19. The main driver behind the decline in yields are falling Libor rates. At its current level of 2.13%, the 3-month Libor rate has dropped 19bp from 2.32% at the end of 2Q19. For single B issuers, the average yield, assuming a three-year term to repayment on first-lien institutional term loans is 6.89%, 16bp below their 2Q19 level. However, the average Libor spread for these issuers is slightly up to 422bp from 415bp in 2Q19. At an average of 5.27% so far this quarter, the average primary yield for BB-rated issuers is down 25bp from 2Q19. For these higher-rated issuers, the average spread is flat relative to 2Q19 at 283bp. As investors have become more cautious given fears of an economic slowdown, they have embraced higher-rated deals. Ba1/BB+ rated Dell increased its term loan B to US$4.75bn from US$4bn. Pricing is now being offered at 200bp over Libor, a 0.75% floor, 99.875 original issue discount from original guidance of 200bp-225bp over Libor and a 99.75 OID.