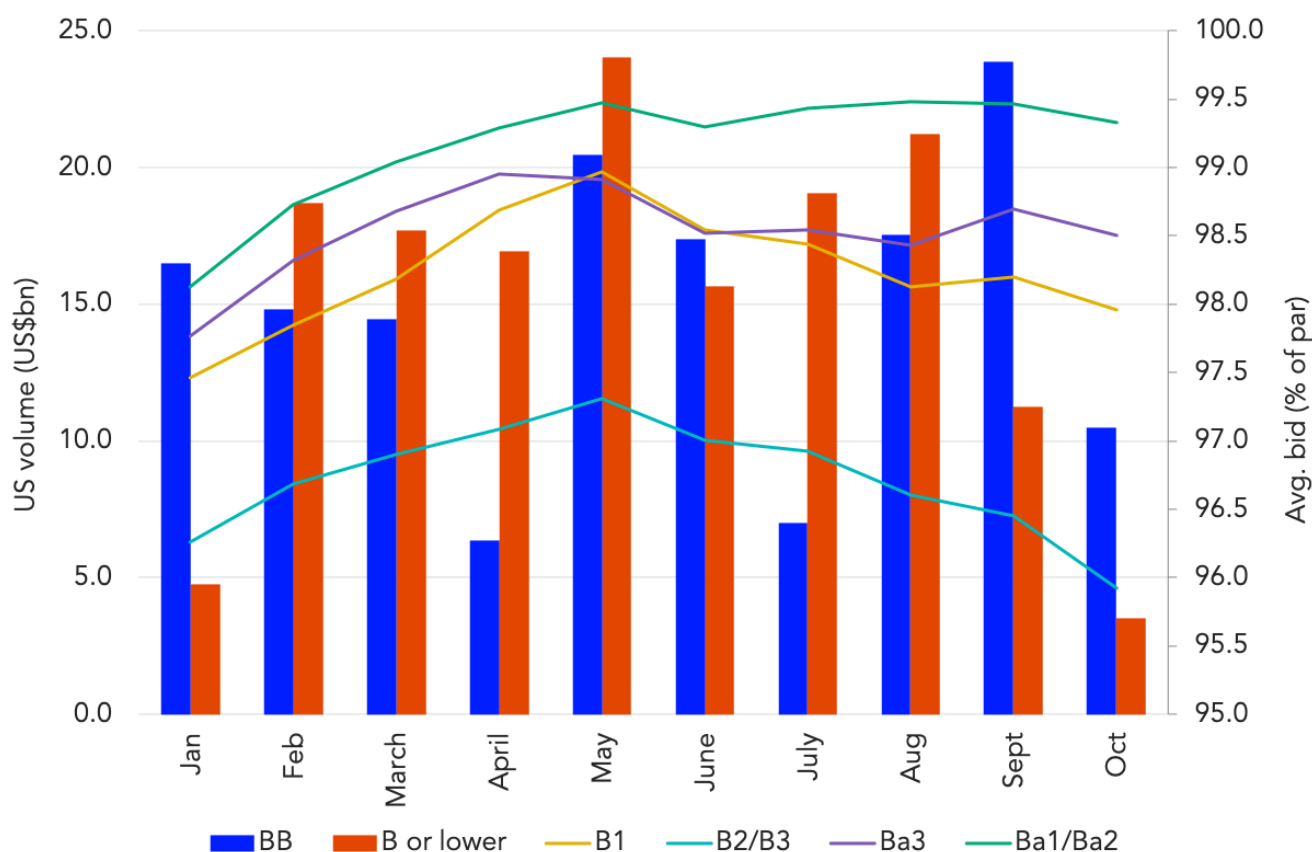


Flight to quality continues on in the US leveraged loan market

LSEG | October 24, 2019



Looking at year-to-date average secondary bids along with loan volume highlights the flight to quality seen in the US loan market over the past few months. Corporates with a rating of single-B or lower peaked in 2019 monthly volume with US\$24bn back in May. That same month, the average monthly bid for single-B cohorts also peaked, when B1 rated names averaged near the 99 context and the B2/B3 cohort averaged 97.3. Since then, the B1 and B2/B3 cohorts have sunk considerably, to their October average of 98 and 95.9 areas, respectively. Average bids for double-B names have declined as well, but far less dramatically since their May peak. In the primary market, investors have also been shifting over to higher-quality deals. Double-B rated volume totaled US\$24bn in September and US\$10.5bn in October. This is far higher than single-B volume which declined to US\$11.3bn in September and just US\$3.5bn so far in October.