Average US second-lien secondary bids at lowest levels since 2016

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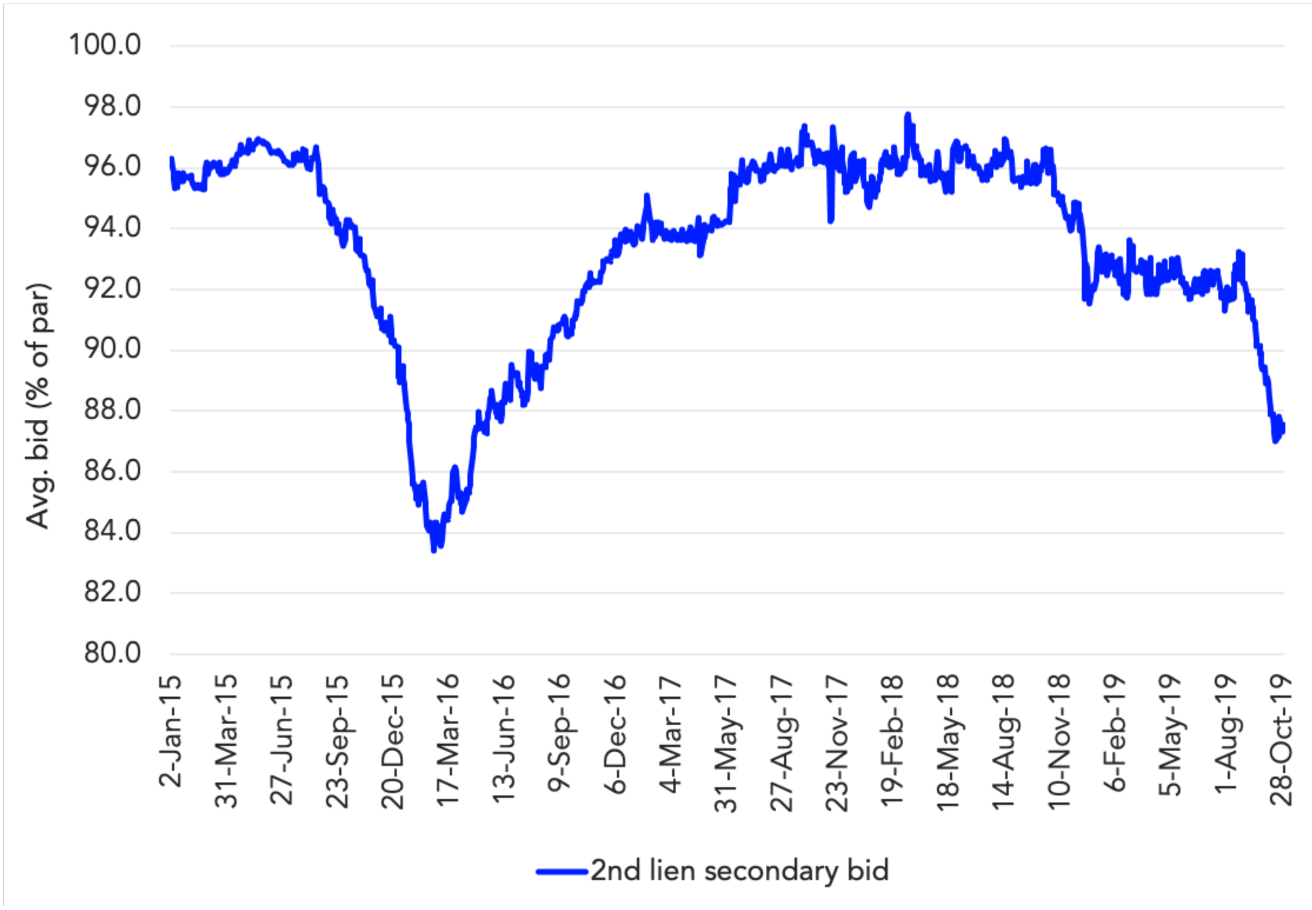

US second-lien loans have traded down considerably in the secondary market over the past few months. The last round of risk-off behavior by secondary market loan players sent second-lien bids as low as the 87.01 level on October 18th, over a five-point decline from the August 22nd level of 93.25. The last time second-liens were bid that low was April 2016. The second-lien cohort has since recovered to the 87.4 context in more recent trading. Loan investors have lately taken a more cautious approach, which has created a bifurcation in the US leveraged loan market between the haves and have-nots. In the primary market there have been far fewer new syndicated second-liens introduced with many now getting privately placed. Year-to-date, combined syndicated and privately placed second-lien loan volume totals US$19.5bn versus US$31.3bn a year-ago according to the Dealscan database. So far this quarter there has been US$1.2bn in combined syndicated and privately placed second-lien loan volume.