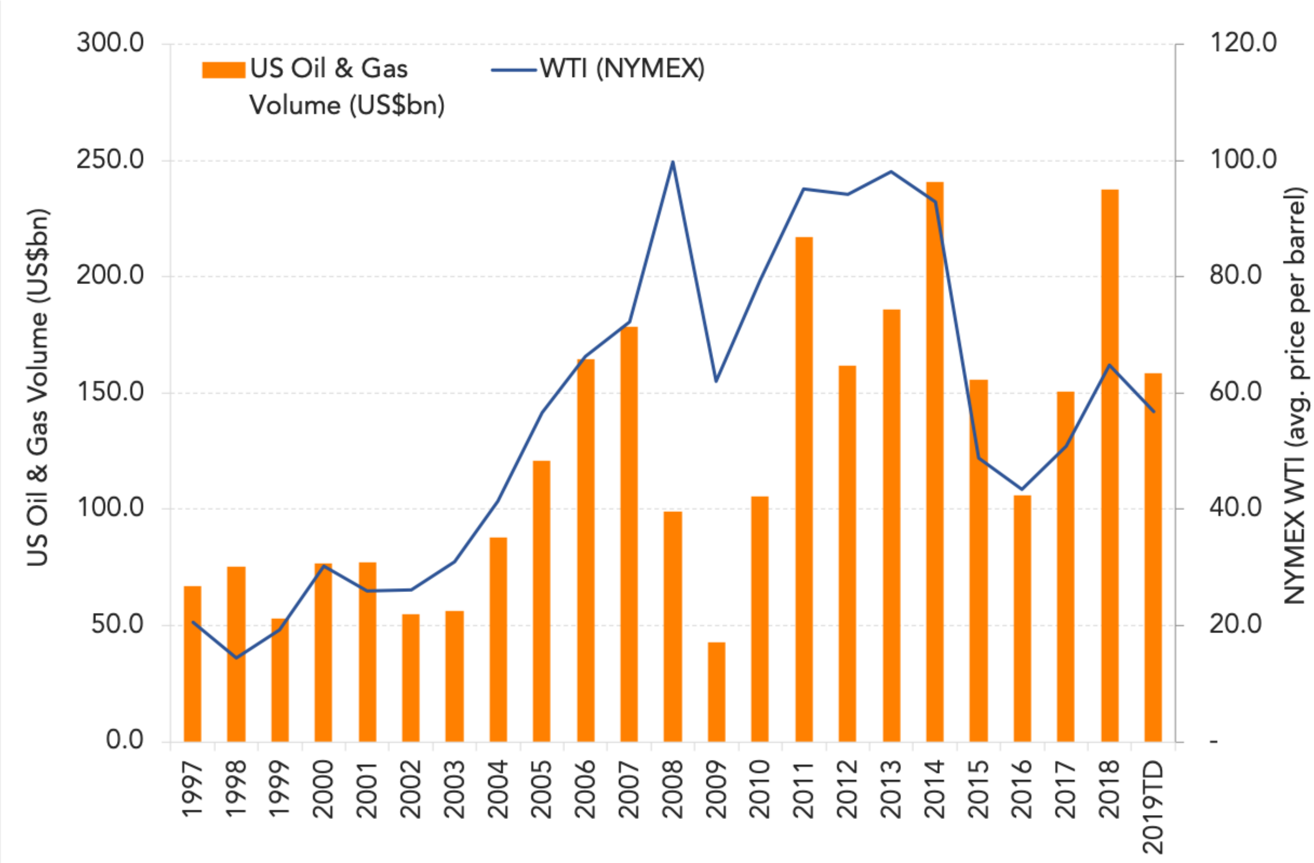
THE LEAD
https://theleadpc.com/leveraged-loan-insight-analysis-11-25-2019/

Oil and gas lending follows oil prices down

LSEG | November 27, 2019



The oil and gas industry is facing many challenges – recession fears, the ongoing trade war, regulatory shifts and excess global supply amid slowing growth in demand – all of which have curtailed any expectations of a meaningful increase in oil and gas prices. Oil prices have declined in the last year. The average West Texas Intermediate (WTI) crude oil futures price is at around US$57 per barrel this year, down from US$64.9 per barrel in 2018. Against this backdrop, the loan market has had a slow year. Oil and gas lending of US$158.4bn through November 13 is 33% behind 2018's total of US$237.6bn. The investment grade market has held its ground as volume of US$88.3bn so far is on par with the total logged in 2018, with a big chunk of it coming from the over US$30bn financing for Occidental Petroleum 's acquisition of Anadarko. However, lending to leveraged companies has collapsed. After exploding to a record level of US$113bn in 2018, oil and gas leveraged lending is just at US$44.5bn so far this year. This is just 28% of total oil and gas lending, its lowest share since 2011.