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Issuer-friendly flex adjustments dominate US institutional loan market in January

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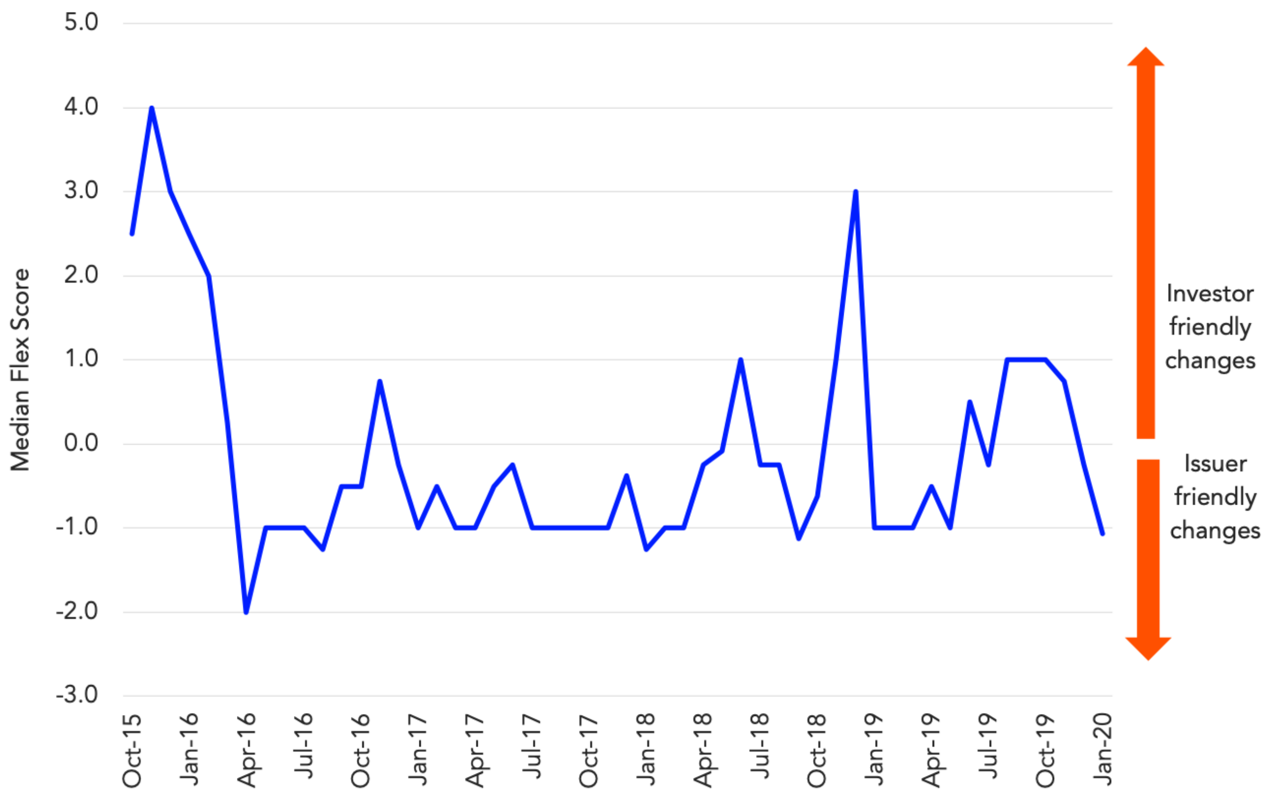

Flex activity in the US institutional loan market has been extremely friendly towards issuers this month. Refinitiv LPC's Flex Factor has tracked 20 flexed deals so far in January, all of which have skewed in favor of issuers. This has led to a Flex Factor score of -1.1, the most issuer-friendly score since September 2018. Seventeen of the flexed January deals saw spreads tighten on average 37.5bp, while 11 deals tightened the OID by an average 55bp. Meanwhile, half of the flexed deals saw the commitment upsized. Despite the improved sentiment in the market, the January flexes have only included one B3/B- issuer as the bulk has been for issuers rated B2/B or better. Investors' flight to quality during the second half of 2019 has led to lower volumes for B3 rated issuers. In fact, since September, there have been only 4 deals for B3 rated borrowers that have flexed in favor of the issuer versus 19 in favor of investors.