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CRC and Chesapeake TLs lead largest losers in falling oil and gas loan prices

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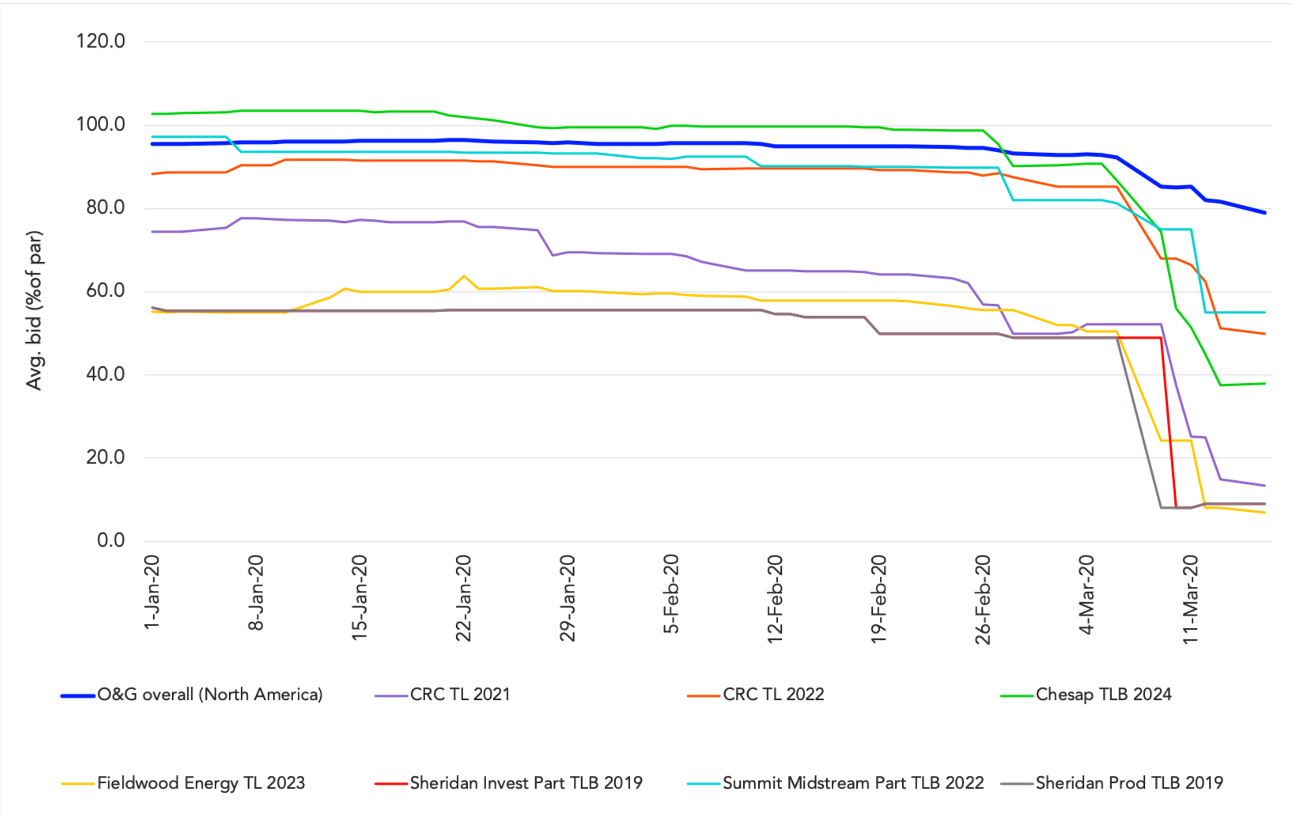

As oil and gas companies try to weather these tumultuous times, some investors are worried that reduced revenue may push some oil and gas issuers to default on their corporate debt. This concern has been pushing oil and gas loan prices down dramatically. In the last 30 days, 92% of oil and gas loans priced by LSTA/Refinitiv LPC MTM Pricing declined, while only 1% advanced (7% were unchanged). The biggest losers are TLs issued by California Resources Corp, Chesapeake Energy, Fieldwood Energy, Sheridan Production Partners, and Summit Midstream Partners. Since the end of January, loans held by these issuers have declined an average of 49pts, with the largest drop from Chesapeake TL due 2024 and California Resources Corp TL due 2021, dropping 61.5pt and 56.4pt, respectively, over that period. Of those declines, 69-89% occurred in the last ten days, with huge losses starting on March 10 – the Monday after news emerged that Russia and Saudi Arabia failed to agree to cap oil production, which would have helped stabilize falling oil prices. Since March 6, loan bids among the largest losers fell an average of 40.5pt. The declining loan values are affecting capital markets activity: yesterday, California Resources announced it would pull the bond exchange for its second-lien senior secured notes due 2022, launched on February 20.