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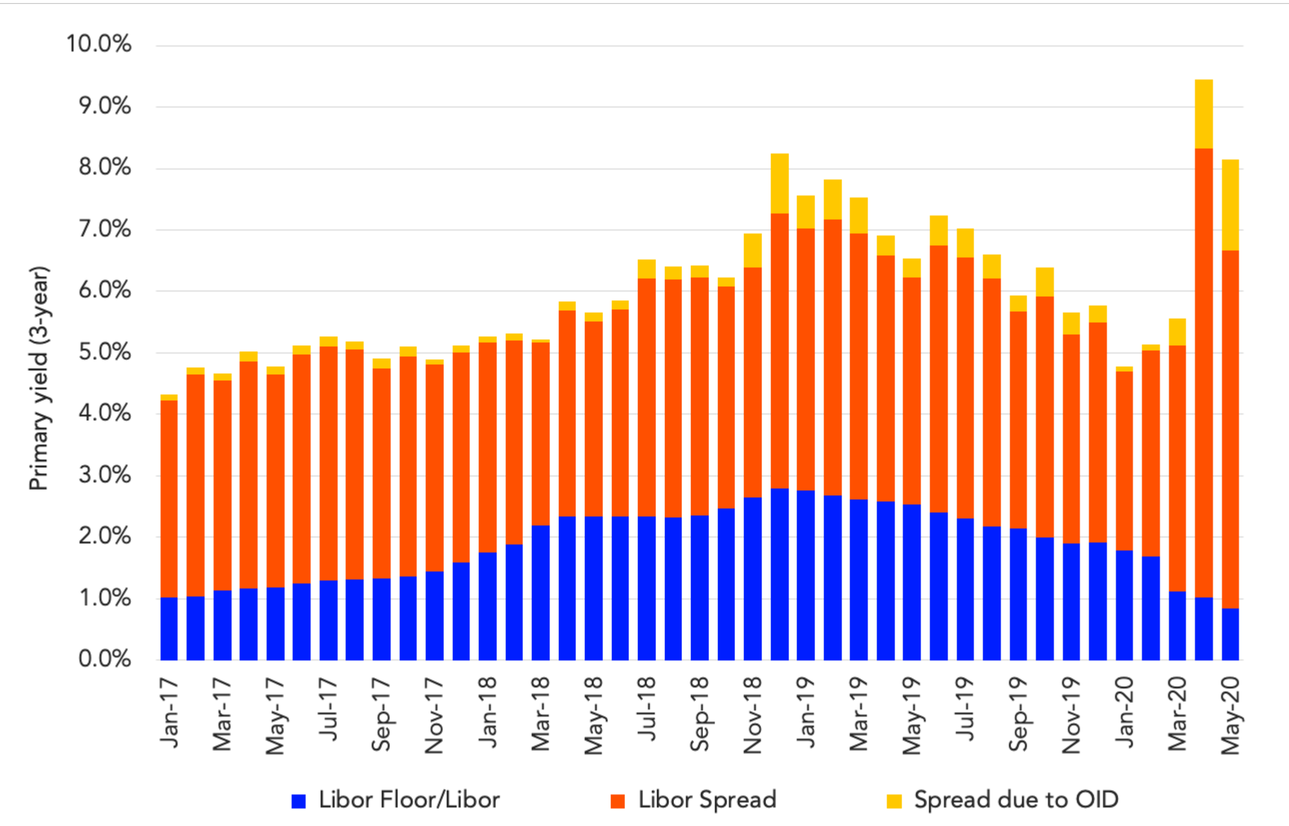
Primary yields in the US institutional loan market tighten in May

LSEG | May 28, 2020



After spiking in April, primary US institutional yields have tightened in May, but remain at very high levels. The average yield, assuming a three-year term to repayment on first-lien institutional term loans is 8.15% in May, down from 9.45% in April. That month, issuers that tapped the market were mainly seeking emergency funding. As the market opens up, more companies have approached investors for M&A deals in May. Some of these deals had been postponed as the market came to a standstill due to the COVID-19 crisis. These issuers have attracted investor attention as they are offering juicy yields via hefty spreads and OIDs and have been able to cut pricing during syndication. Last week Northwest Fiber, doing business as Ziply Fiber, finalized its US$790.5m LBO deal. The OID was tightened to 96.25 from 95. Cornerstone OnDemand also tightened the discount on its US$1bn loan backing the acquisition of Saba Software. The OID was finalized at 97 from 95-96 at launch.

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