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Weighted average bids of US CLO portfolios continue to edge higher

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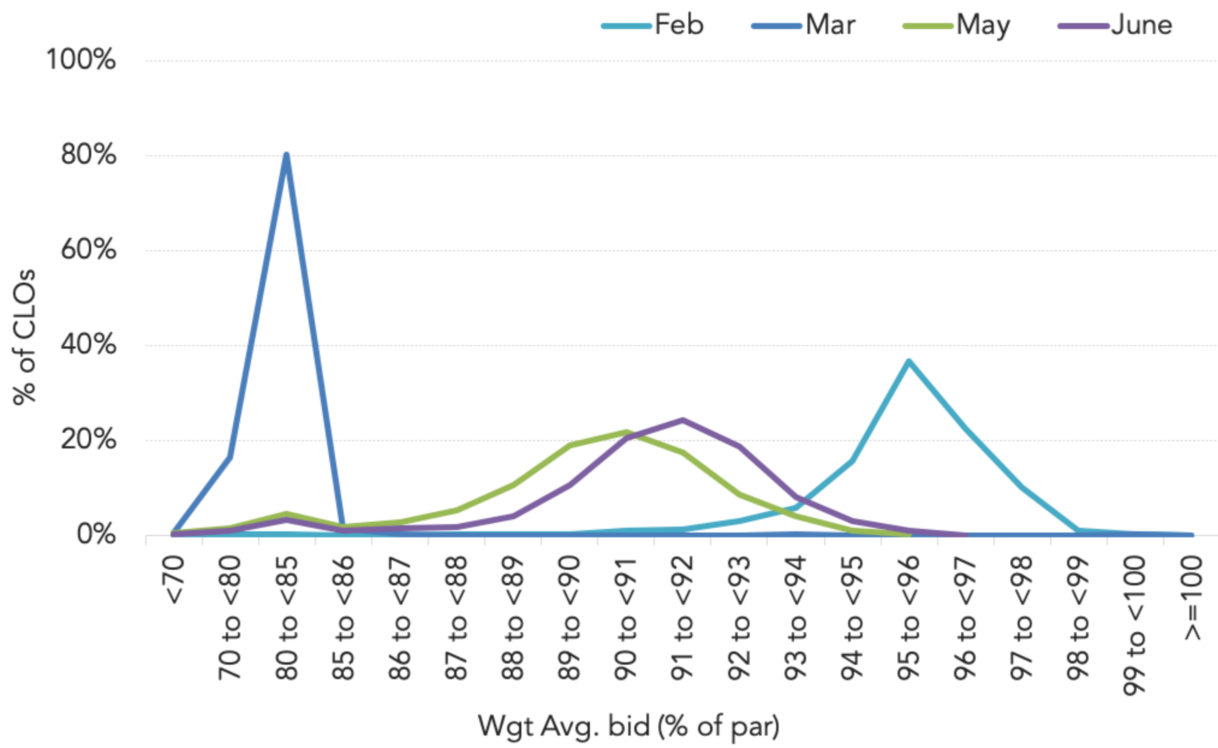

The value of loan assets in U.S. CLO portfolios has continued to trend higher over the last three months, clawing back some of the losses that battered markets at the end of March, according to analysis from LPC Collateral. Looking at the distribution of CLO portfolio weighted average bids from the end of June, only 1% of U.S. CLOs carried a weighted average bid less than 80. That share was 17% at the end of March, when the impact from COVID-19 on the financial markets was most acute. In the three months since, secondary values have increased every month by narrower margins, in-line with the broader secondary. The overall market cohort of loans advanced 123bp in June, compared to a 230bp increase in May and 278bp in April. For CLOs, 51% carried a weighted average bid in the 91 to less than 94 range by the end of June, a 21% increase from a month earlier when 52% of deals were marked in the 88 to less than 91 range. Despite the rebound, there remains no CLOs with a weighted average bid at or above 98, which represented a 26% share pre-COVID.

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