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U.S. Primary yields widen slightly to 7% so far in July

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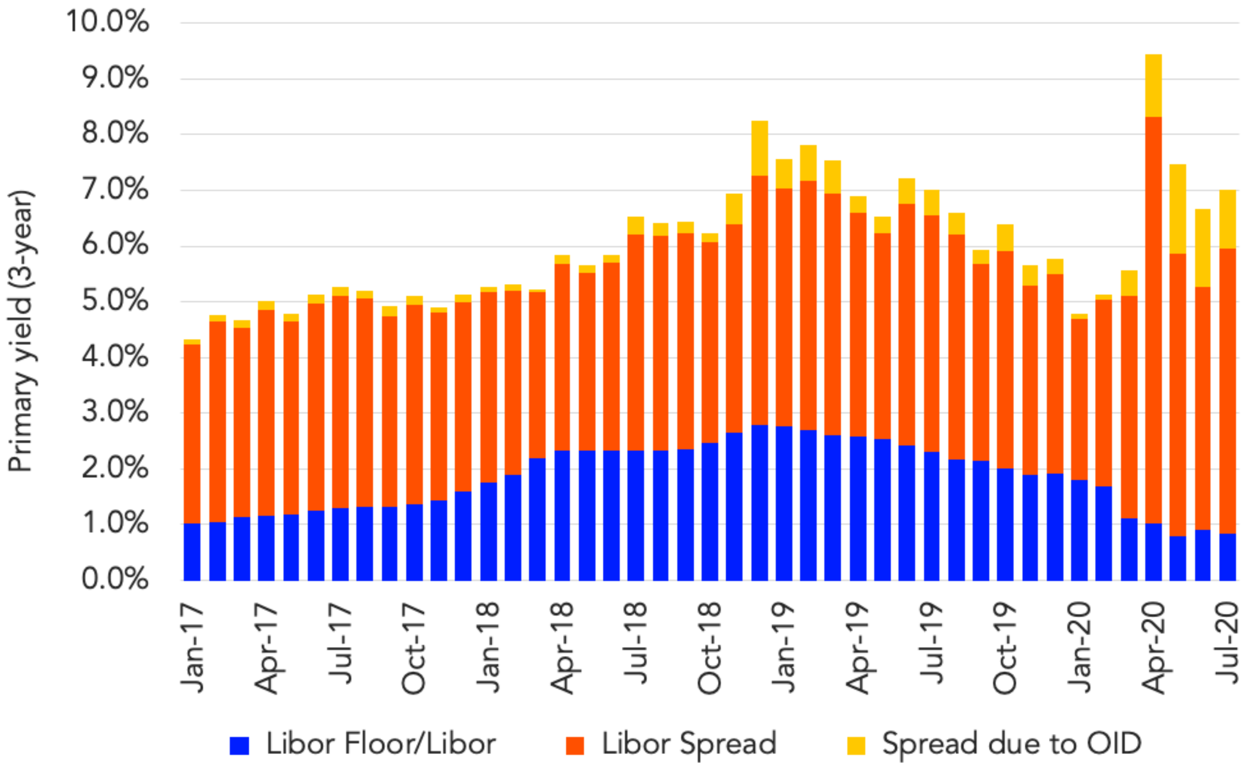

After declining in May and June, primary US institutional yields have inched up in July. The average yield, assuming a three-year term to repayment on first-lien institutional term loans is 7.01% so far in July; up from 6.68% in June, but a lot lower than the 9.44% recorded in April. Driving up the average in July are a few deals for companies from sectors that have been deeply affected by the pandemic like Carnival (10.06%) and American Airlines (12.53%). While these deals are offering juicy yields, there are also a few that are offering yields that are below 5%, like Gardner Denver (3.58%) and PQ Corp. (4.54%). While average spreads have widened in July to 510bp from June's 434bp; the Libor and OID components of yields have tightened. 70% of July's first-lien institutional term loans carry a 1% floor, down from 88% in June. And the average discount in July is 97.16; tighter than the 96.25 average logged in June.

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