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Middle market non-sponsored sydicated loan volume drops dramatically

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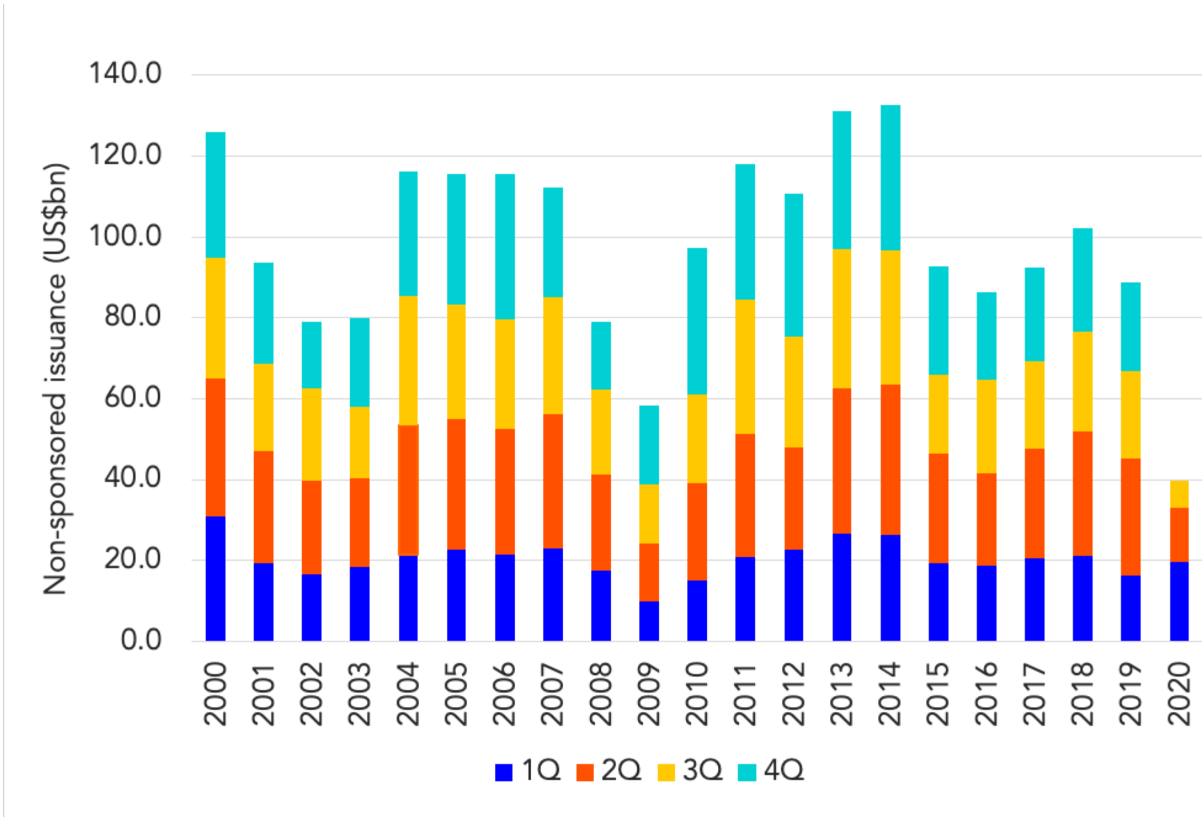

Middle market completed non-sponsored syndicated loan volume of US$7bn so far in 3Q20 is far behind the US$22bn logged in 3Q19 and is down from an already slow 2Q20. As the economy shut down due to the pandemic, activity in the non-sponsored market was very limited in 2Q20. At US$13.4bn, non-sponsored syndicated loan issuance in 2Q20 was at its lowest since 2009. Activity was limited to rescue financings and refinancings of deals that were coming due. Lenders' time was spent on ensuring that their clients had enough liquidity and providing amendments and waivers. While the economy has been slowly reopening, and second quarter results were mostly in line with expectations, there is still too much uncertainty and business owners and lenders remain very cautious. Expansion plans have been put on hold and companies are protecting their businesses. In turn, pipelines are thin and lenders expect activity to remain limited for the rest of the year. "There is a desire from everyone to get back to business as usual, but there is still too much uncertainty," said a regional banker.