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Middle market syndicated non-sponsored volume dropped in 3Q20

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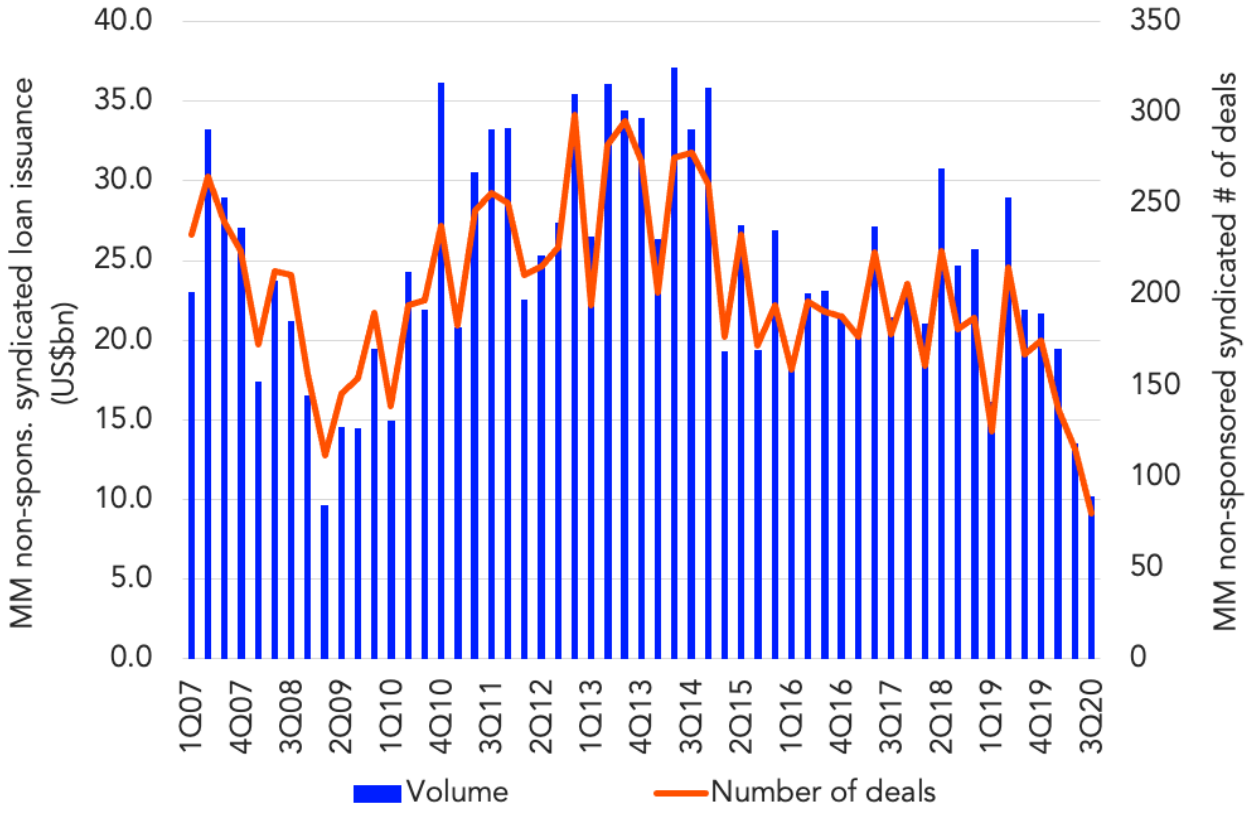

Non-sponsored syndicated loan issuance of US$10.2bn in 3Q20, was down 24% from already low 2Q20 figures. 3Q20 issuance was spread over 80 deals, the lowest level of transactions in a quarter for at least 13 years. Refinancings plummeted once again in 3Q20.

While spreads and Libor floors have eased from their earlier levels, they are not yet back to pre-pandemic levels, and bankers are holding the line on tenors. In turn, refinancings were mostly limited to companies that had upcoming maturities as those that didn't have to tap the market stayed put. On the new money front, non-sponsored syndicated new money volume ticked up in 3Q20, but at US$3.5bn, it remained at very anemic levels. Only US$1bn of this represented M&A activity.

While sentiment improved dramatically from the pandemic early days, companies were not ready to commit to expansion plans and remained in cautious mode. Not much change is expected for the remainder of the year as lenders said that the non-sponsored market is in a state of transition and there's no real urgency for companies to tap the loan market for growth.