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# Leveraged debt issuance slows from 2021 pace

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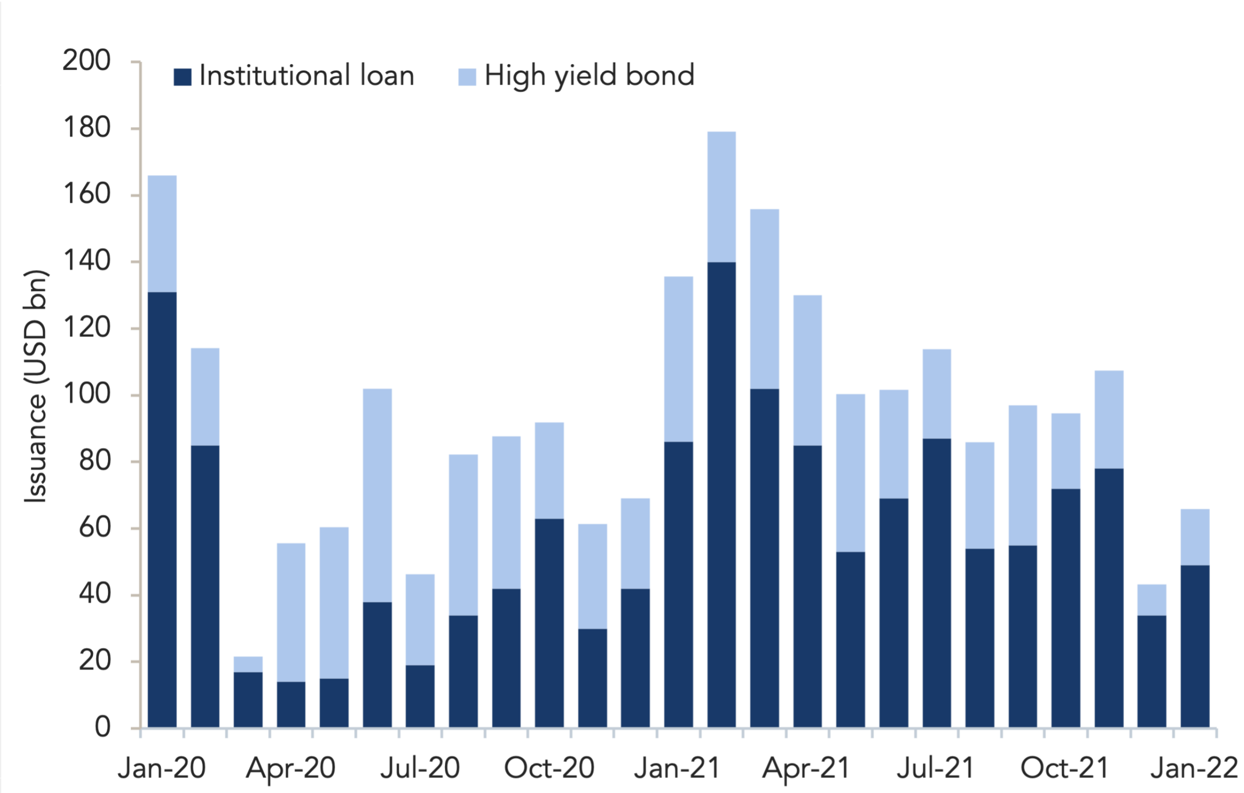


*Source: Debtwire Par*

Leveraged lending kicked off the new year at a slower pace than seen in the prior two years, with institutional loan issuance of USD 48.3bn and high yield bond issuance of USD 16.9bn. While it is a month-over-month improvement from the December 2021 low, compared to this time last year, loan volume is down 44% with high yield bond issuance sliding 66% from last January.

It wasn't all bad news in the loan market, where new money financings continued to outpace refinancing transactions and accounted for 59% of monthly institutional loan issuance in January. In fact, M&A and buyout activity accounted for 93% of the new money figure and represented 117% and 93% improvements over the January 2021 figures.

The secondary loan market saw an uptick in volatility, with average bids declining to 97.72 from 97.78 in December. While it represents only a modest slide in pricing, one of the reasons for lower loan volumes this January stems from the secondary markets, which have been less supportive of repricing activity, the primary driver of loan volume in early 2020 and 2021. Compared to last January, when 25% of loans in the secondary market were bid at a price of par or higher, just 15% of loans this year are trading in the par-plus range.

On the demand side, CLO issuance has dropped off significantly from the record-setting levels seen last year. New-issue CLO volume has fallen 46% to USD 4.9bn year-over-year, while refinancing and reset volumes slid 71% and 30% respectively, to USD 2.4bn and USD 1.9bn.

*(Past performance is no guarantee of future results.)*