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US$7.6bn of new issue US CLOs priced in August

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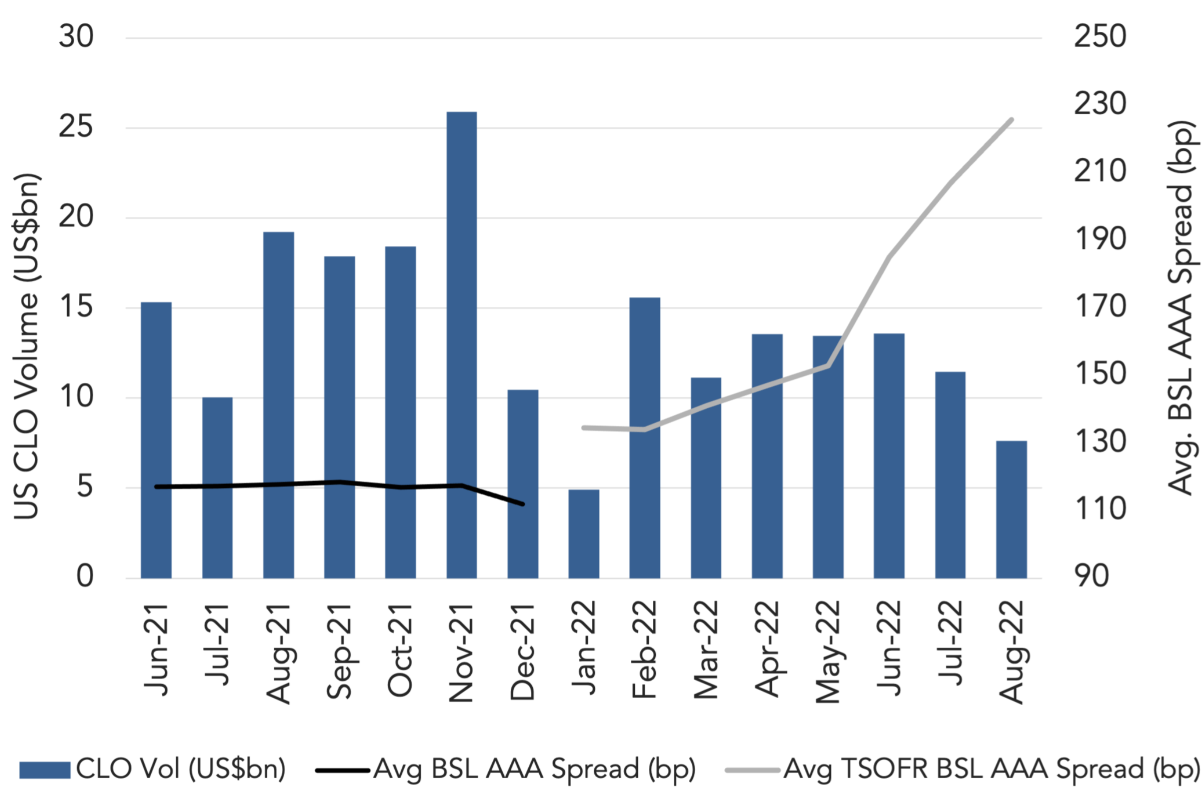

US CLO new issue volume was US$7.6bn in August, down from US$11.5bn in July and down from US$19.2bn priced in August last year. Although the pace of new CLO formation slowed, total volume so far in 2022 is US$92.57bn, just 18% behind issuance over the same time period in 2021's record setting year, despite ongoing macroeconomic headwinds and a slowdown in the capital markets. CLO new-issue pricing has also continued to rise, recording an average spread of SOFR+226 for the triple-A tranche for BSL CLOs in August. Average spreads are up 19bp MoM and up more than 90bps since January, against the backdrop of a broad repricing of risk assets that began in 2Q. The highest triple-A SOFR spread for BSL CLOs for the year priced on August 10 via CQS Investment Management's CQS 2022-2 CLO, with a triple-A spread of SOFR+265. Looking forward, market participants will be watching closely how LBOs and other capital markets activity fare in this last month of 3Q and into October. In the CLO market, spreads are tighter so far in September, with 2 CLOs pricing with triple-A spreads under 200: Barings CLO 2022-III (SOFR+190) and Invesco CLO 2022-3 (SOFR+199).

(Past performance is no guarantee of future results.)