Leveraged Loan Insight & Analysis

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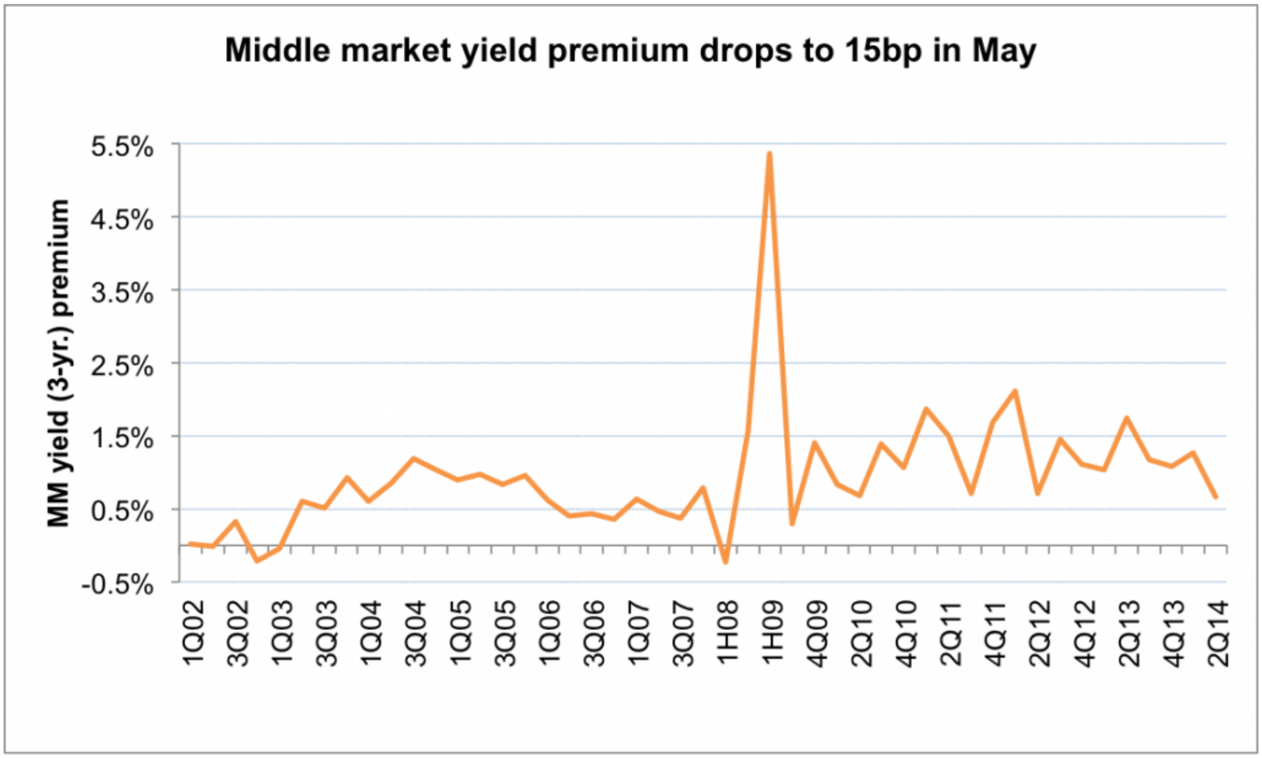

The middle market yield premium on first-lien institutional term loans has dropped to just 66bp this quarter; its lowest level since 3Q09. The large corporate market has seen demand and supply re-balancing as more new money deals come to market while at the same time retail inflows reversed for a few weeks. As a result, at 5.1 percent in 2Q14, average large corporate yields, assuming a three-year term to repayment are up 60bp since 1Q14.
Meanwhile, middle market yields are stable in the 5.7 percent context as players wait for a pick-up in M&A activity. When looking at the premium on a monthly basis, the divergence in trends is even more pronounced. After dropping in March, yields in both ends of the market picked back up in April. But, while yields on large corporate institutional term loans continue to increase in May, middle market yields have stabilized and the premium this month is only 15bp.

Register for TR LPC's 2nd Annual Middle Market Conference – May 29th /Marriott/Times Square

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