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Direct lenders grab a larger share of large corporate volume

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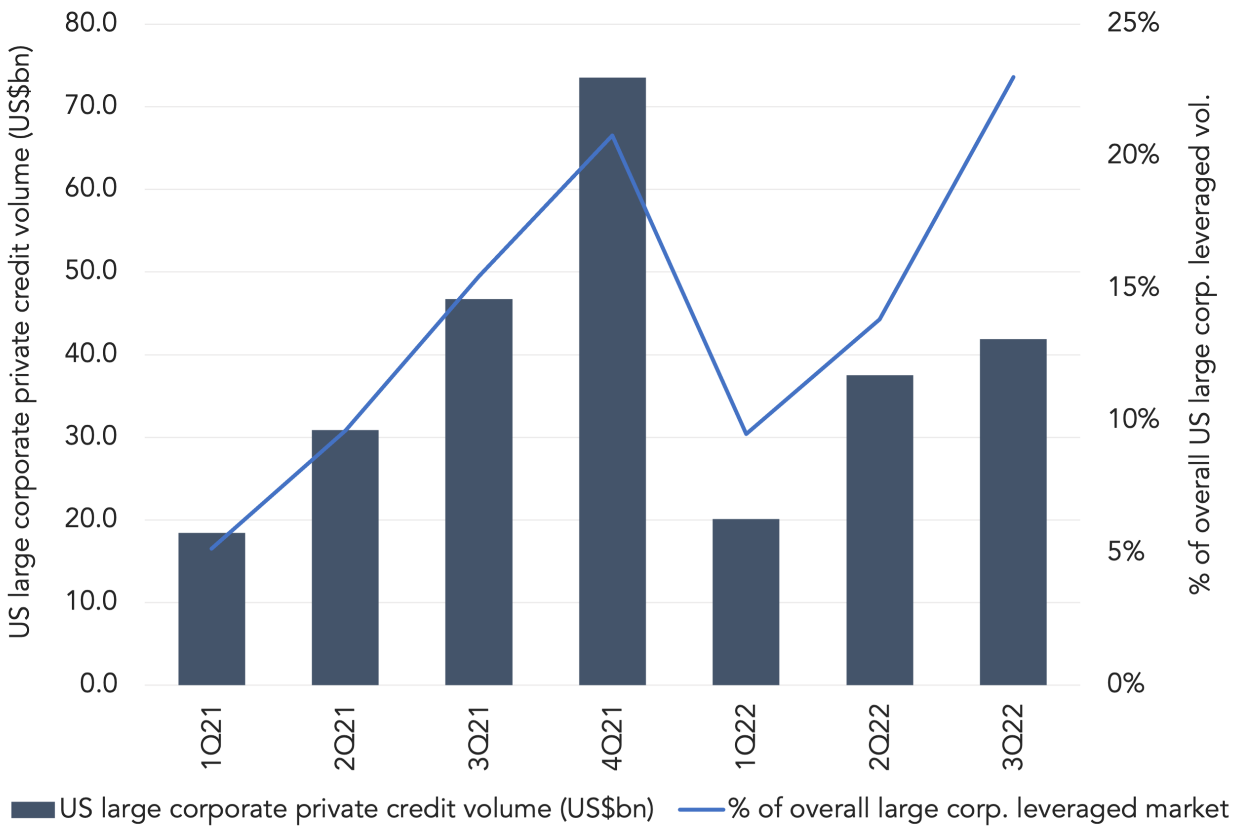

As the US leveraged loan market continued to slow amidst wider market volatility in 3Q22, direct lenders stepped in, taking a greater share of large corporate leveraged loans. Private credit to US large corporate borrowers, those with revenues or loan sizes US$500m or higher, amassed US$42bn in volume last quarter, 12% higher than 2Q22 and the third highest quarterly level since the beginning of 2021. Meanwhile, syndicated leveraged volume to large corporate issuers totaled US$140bn in 3Q22, 40% lower than 2Q22 and the lowest level going back to 1Q21. All told, private credit took a 23% share of US large corporate leveraged loan volume last quarter, the highest share since 1Q21. After starting primarily as a middle market phenomenon, direct lending has moved up market in recent years, providing funds to larger issuers as well. In the US sponsored middle market, direct lending loan volume was 4.1 times greater than syndicated loan issuance in 3Q22.

(Past performance is no guarantee of future results.)