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US secondary market rallies to begin the year

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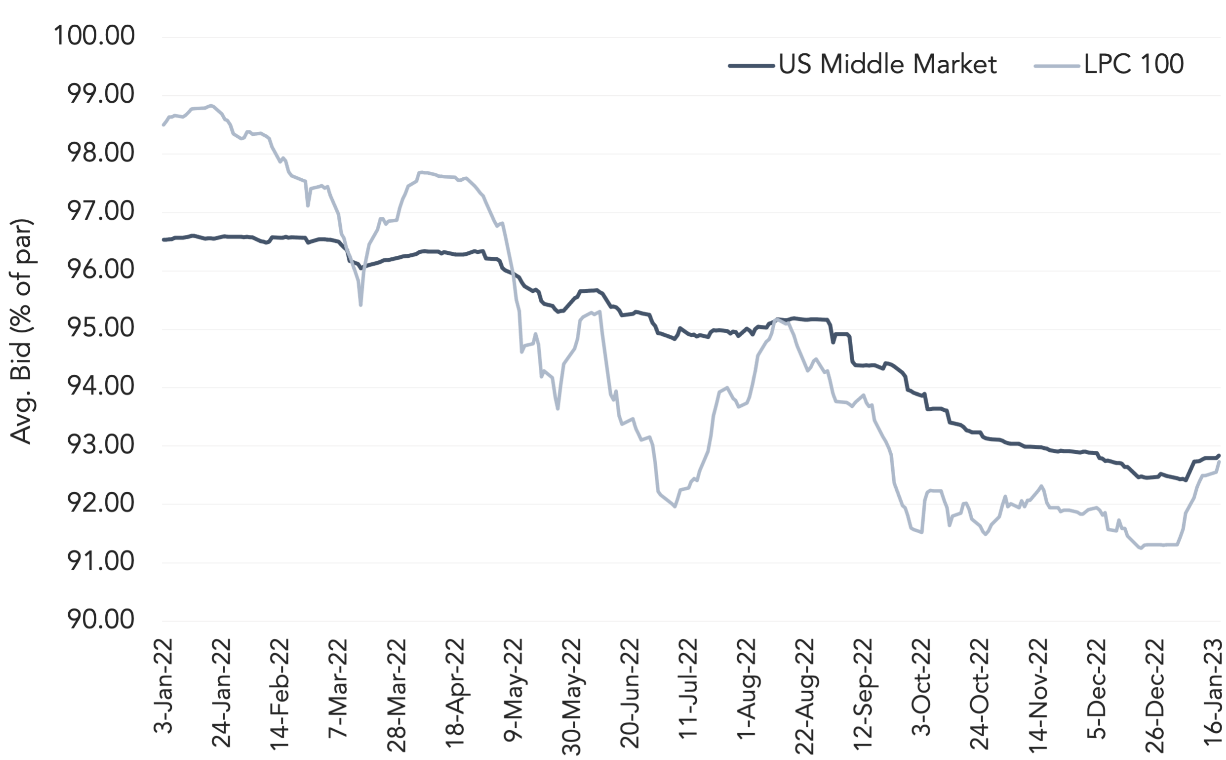

Source: LSTA/Refinitiv LPC Mark to Market Pricing
Note: Middle market defined as deal size and issuer revenue size less than or equal to US$500m
Note: MM secondary cohort of loans have overall deal size between US$100-US$300m

The US secondary loan market has rallied to start the year. The LPC 100 cohort of the largest, most widely quoted loans is up 142bp so far in January to 92.7, and middle market loans are 34bp higher to the 92.8 context. Volatility left a vastly altered loan market in 2022. In the US, loans were sharply up and down at times but mostly down, to end the year 7 points lower, with the share of the market bid at par or higher dwindling to just 1%. In turn, the share of loans bid below 80 increased to 11%. Middle market loans fared a little better, down 4 points across 2022. Loans recorded their best performance of the year in 4Q22, driven by improved inflation readings that showed inflation retreating, though it remained at uncomfortably high levels. That trend has continued into the new year, with investors more confident of the inflation picture, pushing risk assets higher with advancers leading decliners in every trading session so far.

(Past performance is no guarantee of future results.)