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Leveraged Loan Insight & Analysis – 9/14/2015

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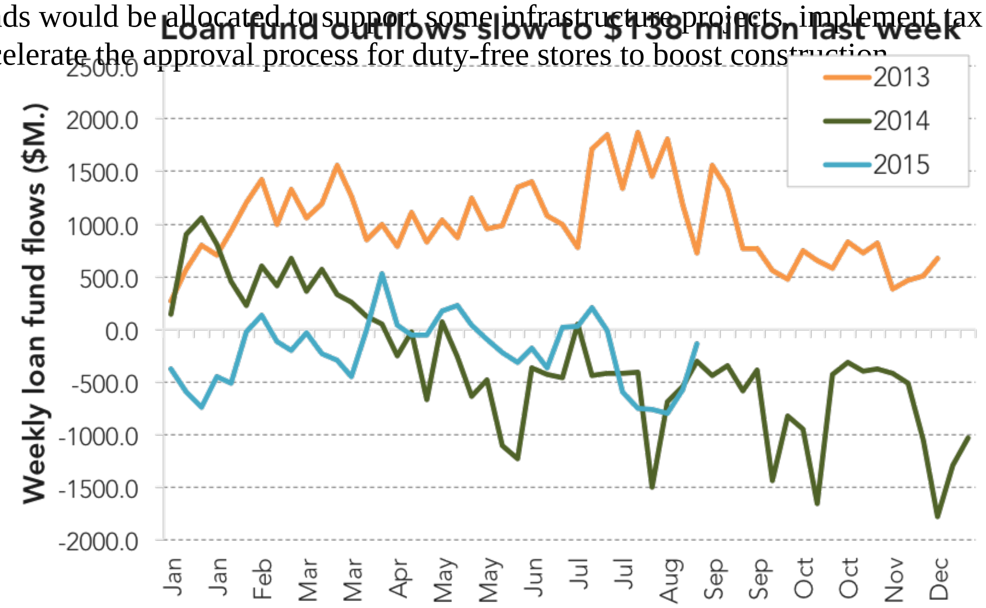
While the debate rages on as to whether the Fed will raise rates, equities swung wildly as investors digested the impact of slowing growth in China and its potential impact on global growth. Chinese officials announced there that there could be a "more forceful" fiscal policy to boost the economy and among other initiatives that more funds would be allocated to support some infrastructure projects, implement tax cuts for small businesses and accelerate the approval process for duty-free stores to boost construction.



The slowdown also poses more downside risk for growth in the Eurozone with the ECB president restating a willingness to expand stimulus programs if needed and asking whether this is just short-term volatility or a more permanent shift toward heightened volatility. Reaction has been muted in the loan market given that there hasn't been a change in the fundamentals with investors focused on the emerging primary market pipeline and secondary bids not showing any dramatic movement. Loan fund outflows slowed to $138 million last week from $573 million the prior week according to Lipper. The big question for loan funds is whether we see material inflows when rates start to move or not until levels exceed LIBOR floors?

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