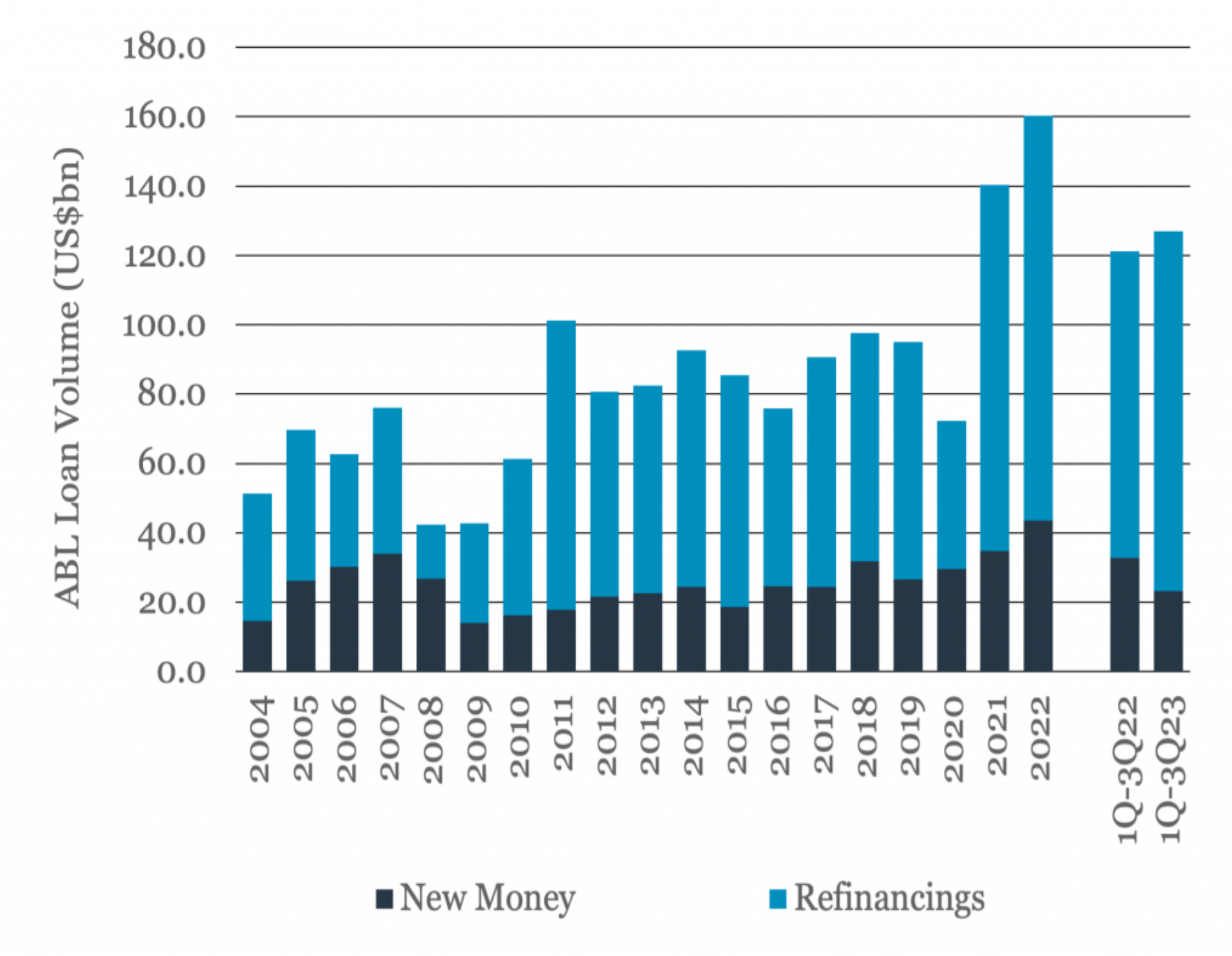
THE LEAD
https://theleadpc.com/leveraged-loan-insight-analysis-10-30-2023/

ABL Deep Dive: Numbers don't tell entire story

LSEG | November 1, 2023



Over US$126bn in asset based loan volume was completed in 1-3Q23 which at first glance suggests record total for the first nine months of the year – something lenders are certainly not feeling. And there are several reasons for this. In 3Q23 alone, less than US$13bn of issuance was completed. Although it was relatively evenly split between new loan assets and refinancing, lenders noted that the market did not feel good, citing a flurry of borrower exercised accordion options which increased new commitments, but leaving pricing and other terms unchanged. In fact, roughly US$2.5bn of refinanced ABL loan volume in 3Q23 represented amended credits with less than five year tenors. Added to the over US$58bn of estimated SOFR adoption activity which took place in the first half of the year, new lending opportunities have been limited at best – despite what top line numbers would lead us to believe.

(Past performance is no guarantee of future results.)