Twin peaks: loans and bonds hit new milestones in 2024

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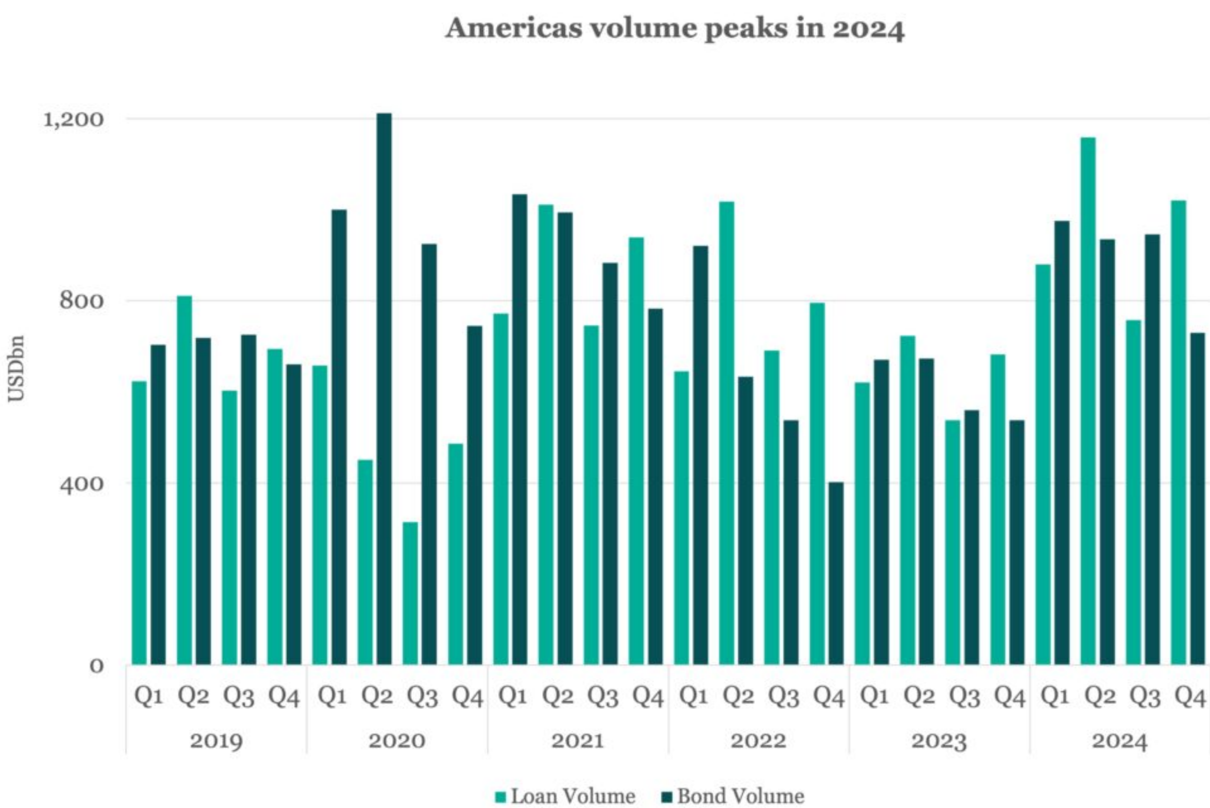

Loan issuance reached new heights in 2024. The Americas added USD 1.02trn in 4Q24 for a full-year total of USD 3.8trn, the highest number recorded in *Dealogic*'s database. The volume surpassed the previous high of USD 3.5trn posted in 2021. FY24 volume gained 49% year-on-year (YoY), despite a slowdown in 3Q24, when USD 758bn of loans issued made up the region's lowest quarterly volume of the year.

The 2024 boom in loan issuance across different sectors of debt markets can be attributed mainly to refinancing. Following several years of restrictive monetary policies, companies that had been desperate to renew and extend deals have found opportunities to extend maturities at better prices than those available for similar deals in 2023. Out of USD 3.8trn of overall loan issuance last year, USD 2.9trn or 78% cited refinancing as the primary use of proceeds. M&A (including leveraged buyouts (LBOs)) came second, accounting for 12% of overall volume.

Bond issuance in the Americas also had a solid performance, with total volume exceeding USD 3.58trn, which is USD 1.14trn or 47% more volume printed versus 2023. This is despite the presidential election bringing activity to a halt for much of November. However, this volume failed to match the USD 3.88trn record set in 2020.

Leveraged loan deals lead the way

Following a period of dominance by investment-grade (IG) deals, the loan market revival has been propelled by leveraged transactions. For the first time in six years, the volume of leveraged loans printed across the Americas (USD 2.19trn) was higher than IG deals (USD 1.62trn).

The gap between IG and leveraged loans reached USD 570bn in 2024. America's leveraged loan issuance surged an impressive 88% YoY. IG loans amounted to USD 1.62trn in the Americas region, 16% higher than in 2023.

Similarly, in the bond market, high-yield (HY) instruments have shown strong growth compared with IG bonds. HY bonds increased 56% in 2024 from 2023, whereas the IG market climbed 46% YoY. That is not to say IG has suffered, as both junk-rated and IG bonds have been in demand. HY volume in 2024 of USD 261.4bn is still 41% below the value reached in 2021, when HY volume was USD 443.1bn.

The picture by sector is consistent with a strong bond market – no major sector tracked by *Dealogic* other than machinery has seen lower volume for bonds issuance in 2024 compared with 2023. Aside from the financial sector, the busiest industries have been utilities and energy, insurance and autos.

Outlook for 2025

Turning attention to 2025, the Americas bond market is expected to remain busy given the pressure on issuers to refinance almost USD 2.17trn of maturities for bonds.

For the loan markets, the refinancing wave continues to provide significant relief to borrowers and their maturity walls, while the total amount of debt in the loan market due to mature by end-2025 stands at USD 654.2bn.

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