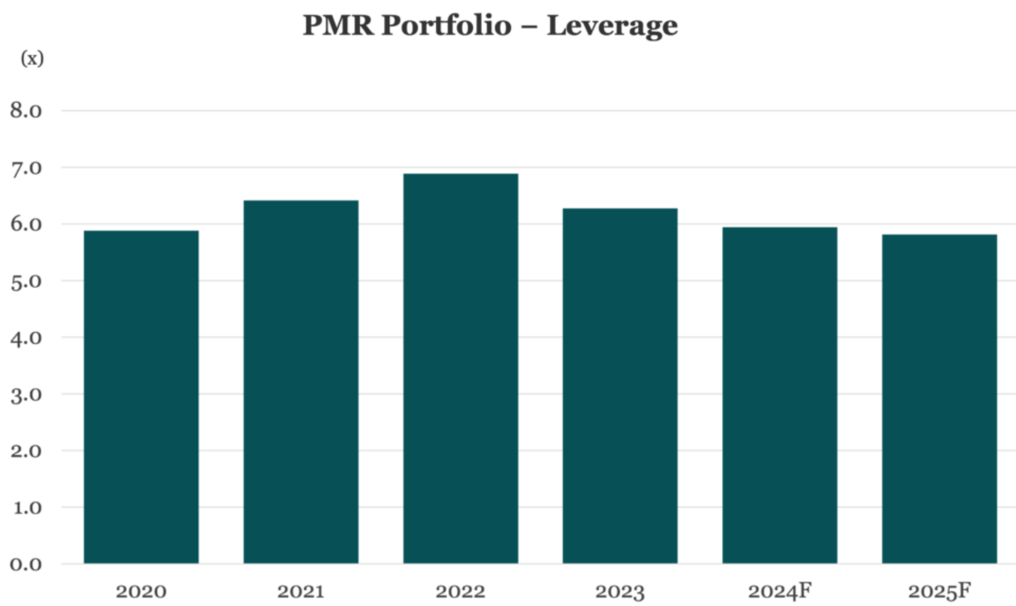
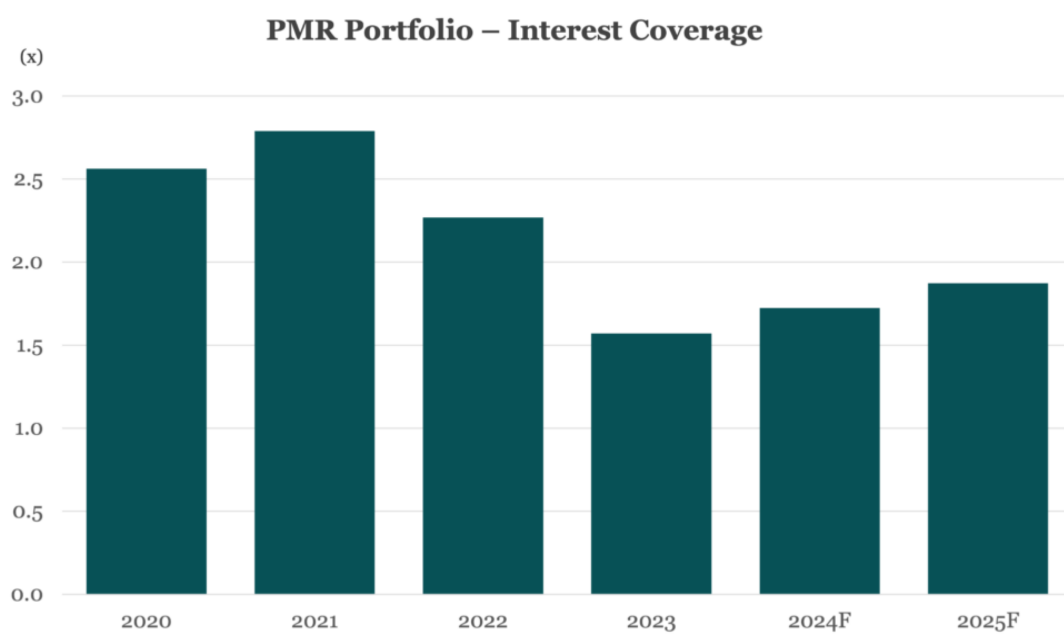
Fitch U.S. MM CLO Spotlight – December 2024

Fitch Ratings | February 6, 2025



F – Forecast
Source: Fitch Ratings



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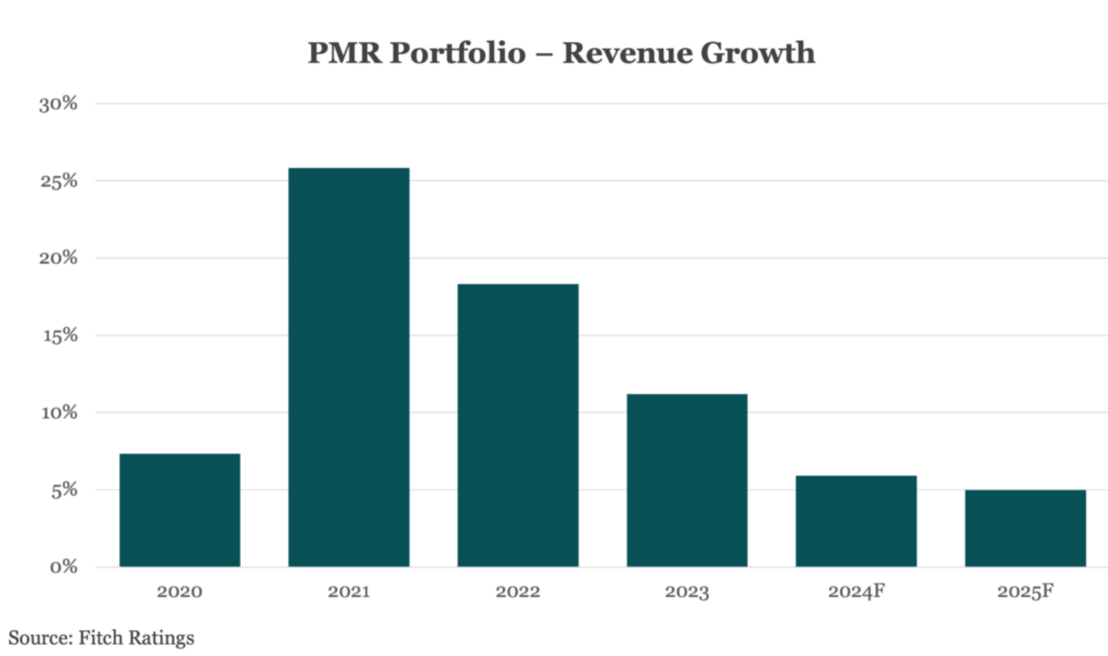

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In the charts above, Fitch presents aggregate data for issuers in its Privately Monitored Ratings (PMR) portfolio. Fitch privately rates these issuers for asset managers.

Fitch estimates median EBITDA leverage of 5.9x in 2024 drops slightly to 5.8x in 2025. Fitch projects gaming, lodging, and leisure to have the largest decline in leverage, from an estimated 6.7x in 2024 to a forecasted 5.9x in 2025.

Fitch forecasts median Interest Coverage to rise from an estimated 1.7x in 2024 to 1.9x in 2025 and 2.1x in 2026. Lower base rates will support coverage. However, Fitch expects the Fed to end the current easing cycle earlier than previously projected, as noted in its Global Economic Outlook from December 2024. Fitch currently expects the Fed to cut rates by 100bps by 4Q25 and then to leave rates at 3.5% in 2026.

Fitch estimates revenue growth of 5.9% in 2024 and projects 5.0% growth in 2025 and 2026. The technology sector leads the 2025 forecast with a 7.5% revenue growth projection. Fitch notes AI spending as a driver for revenue but cautions that “AI infrastructure spending sustained at robust levels may lead to eventual excess capacity.”