Leveraged Loan Market Dries Up Amid Economic Uncertainty

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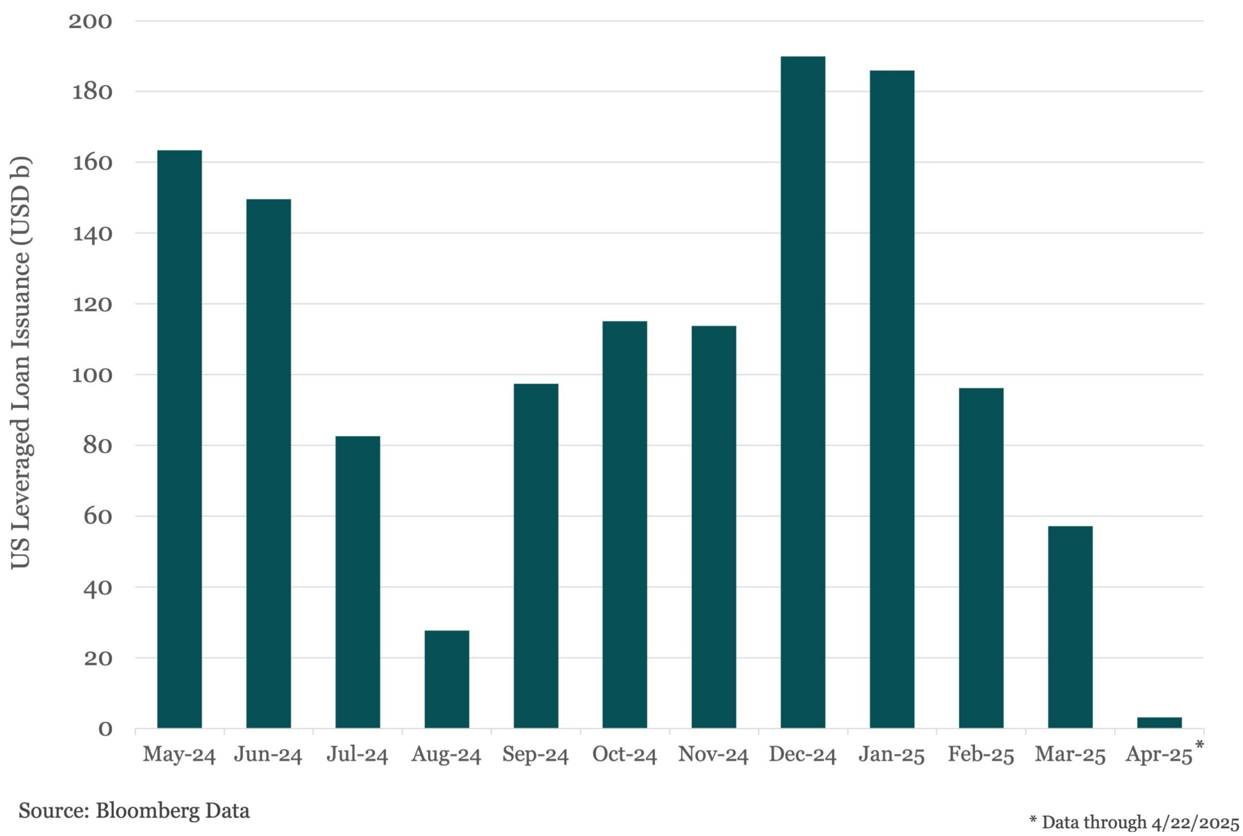

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The reduction in US institutional leveraged loan issuance has been drastic – with just $3.1b priced through April 22nd, it amounts to the worst month of loan issuance since July 2022's $3.5b, which followed the Federal Reserve's historic 75 bps rate hike to combat rising inflation at the time.

After setting a monthly issuance record in December with $190.0b of loans pricing, the momentum carried into January ($186.0b) before issuers began pumping the breaks in February ($69.1b) as uncertainty from tariff policy began to weigh on the markets, slowing issuance in March to $57.1b.

So far this month, more debt has been hung with underwriters than has been successfully syndicated to investors. Banks were recently left holding $2.35b in debt for Patterson Companies' takeover by Patient Square Capital, while lenders were left to fund ABC Technologies' $1.4b loan package supporting the company's acquisition of

TI Fluid Systems.

Lenders are pushing ahead despite the choppy markets, with QXO this week launching the first broadly syndicated loan into the market since March 27th. The $4b debt financing includes $2b in loans to finance the company’s acquisition of Beacon Roofing Supply.

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