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Summer recovery stalls as secondary loan pricing retreats from September peak

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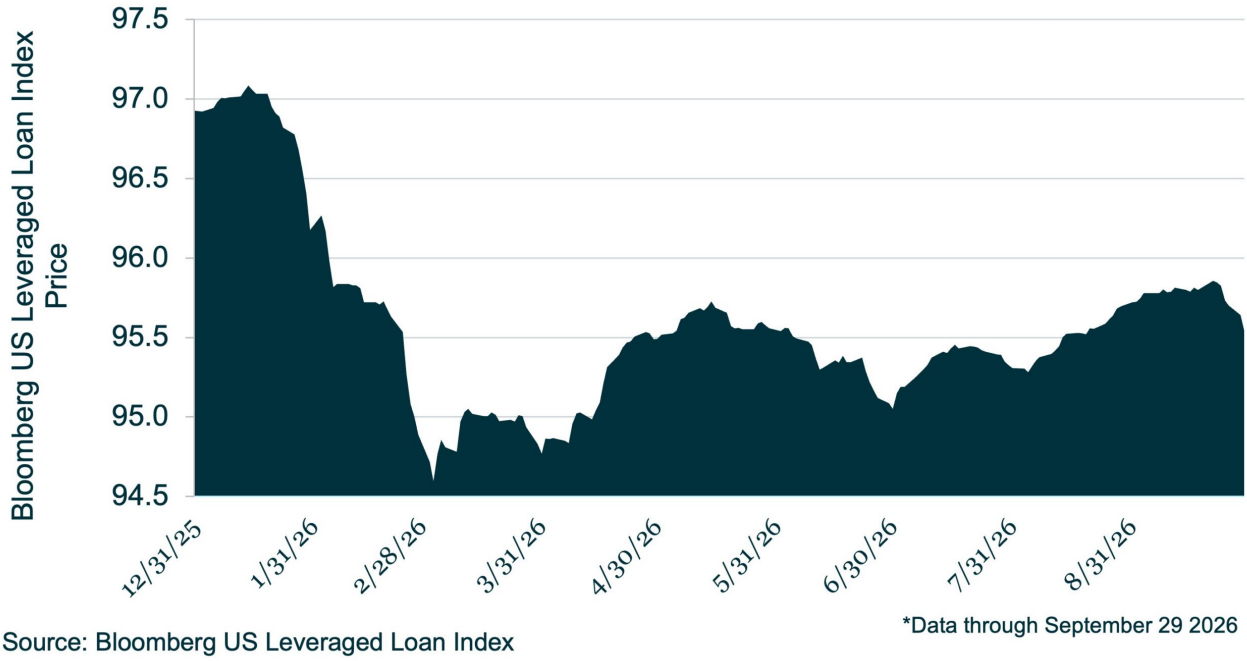

The summer recovery in US leveraged loan secondary market pricing has recently lost momentum, with average prices declining to 95.54 on September 29 from a recent high of 95.86 on September 21, according to the Bloomberg U.S. Leveraged Loan Index (Ticker: LOAN). Secondary prices reached a 2026 high of 97.08 in January before falling sharply to 94.60 in March, as heightened geopolitical uncertainty surrounding the conflict in Iran weighed on investor sentiment.

Secondary loan prices came under renewed pressure in late September as persistent inflation concerns and a more hawkish Federal Reserve drove Treasury yields sharply higher. The LOAN Index fell 32bps from its September 21 peak, as investors weighed the benefits of higher floating-rate coupons against the increased debt-service burden facing leveraged borrowers in a higher-for-longer rate environment.

Performance has also moderated in September. The Bloomberg US Leveraged Loan Index returned 0.36% during the month, following gains of 0.96% in August and 0.79% in July. Despite the recent pullback, the index has generated a 3.45% year-to-date return.