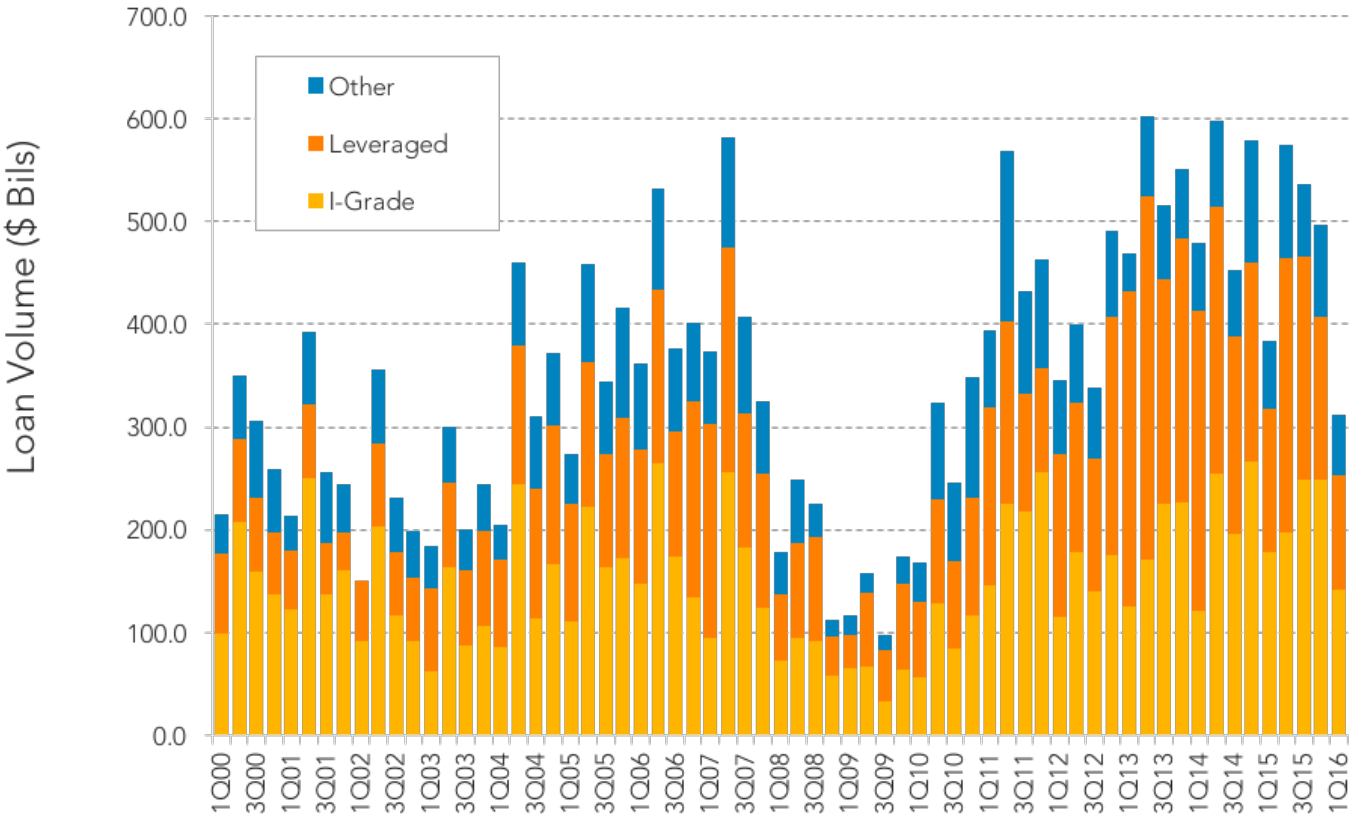
THE LEAD
https://theleadpc.com/leveraged-loan-insight-analysis-3282016/

Leveraged Loan Insight & Analysis – 3/28/2016

LSEG | March 31, 2016

1Q16 US Syndicated loan volume tumbles 19% y-o-y; Down a more substantial 37% q-o-q

US syndicated loan volume took a tumble in 1Q16 to log just over $310 billion, down 19% compared to year ago levels and a more substantial 37% drop over 4Q15 totals. Surprisingly, the decline was most notable among investment grade issuers who pushed over $141 billion through retail syndication during the quarter.



Against this total, the good news was that 30% of investment grade issuance represented new loan issuance for the market – roughly on par with year ago levels. The bad news was that after a strong showing at the end of 2015, 1Q16 investment grade loan volume was down 43% compared to 4Q15 totals. Lenders noted that while they remain hopeful of a pick up in M&A lending, the market had quieted a bit. Investment grade issuers were selective about returning to market to extend maturities on backstop facilities with many lower rated credits opting to sit out the year or exercising a one year exension option . At just over $112 billion, 1Q16 leveraged loan volume marked the lowest quarterly total in 4 years and a 20% decline year over year . Volatility returned to the capital markets via the down trodden oil and gas sector which saw oil prices drop and bids in the equity

and bond markets tumble in sympathy. High yield bond issuance stalled dramatically and the loan market similarly slowed as a risk off mentality took hold. At the same time, retail fund outflows and the absence of new CLO paper for much of the quarter did little to inspire confidence. In early March, there were emerging signs of a fragile pick up as the bond market stabilized and issuance ticked up. In turn, CLO issuance increased and retail fund outflows were replaced bypositive – albeit small – inflows.

Register now! TR LPC's 4th Annual Middle Market Loans Conference on April 27, 2016.

Contact:Maria Dikeos
maria.dikeos@thomsonreuters.com