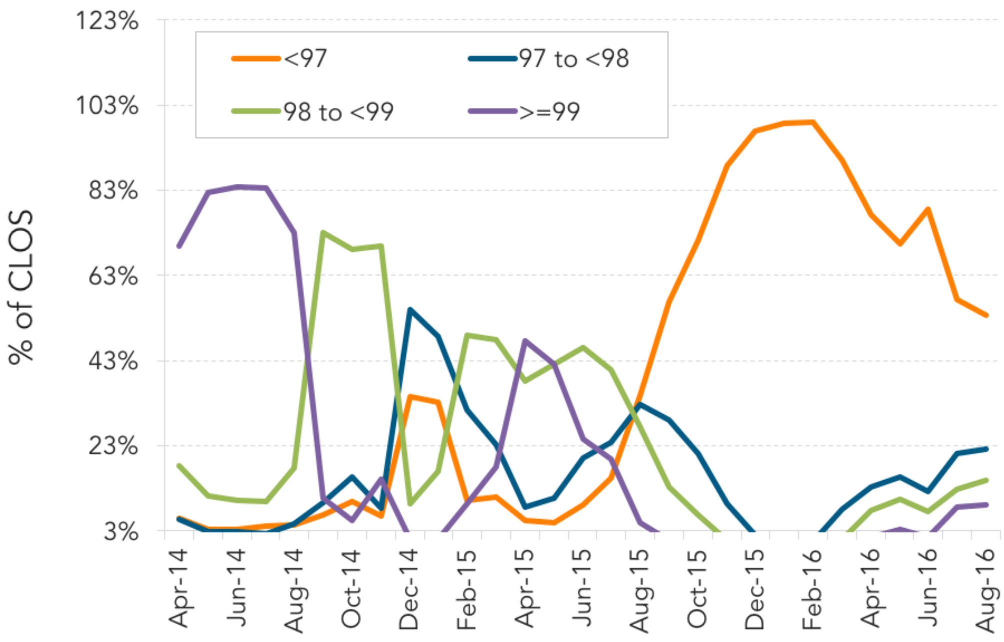
THE LEAD
https://theleadpc.com/leveraged-loan-insight-analysis-9122016/

Leveraged Loan Insight & Analysis -9/12/2016

LSEG | September 14, 2016

Nearly half of U.S. CLOs see weighted average bids on underlying assets climb to 97 or higher

The upward trend seen in secondary loan bids is mirrored when tracking all the assets held by CLOs in LPC's Collateral database. Through mid-February, bids on loans held by CLOS had been grinding down in line with other markets given slowing demand, risk aversion, and deals getting shelved amid market volatility. At the height of the February freeze, nearly every CLO in the U.S. had a weighted average bid on their assets below 97.



Source: Thomson Reuters LPC Collateral

However, with upward movement in oil prices, stability first the bond market and inflows into loan retail funds, CLO issuance began to pick up and secondary bids started to recover. Until Brexit in late June, when asset prices in both US and European CLOs dropped. The share of CLOs with weighted average bids below 97 jumped to 80% of CLOs but began recovering within a few weeks. Jump to this summer, when the secondary has not only recovered, but candidates for repricings have been materializing once again, reflecting that investors continue to be anxious for assets and looking to the primary post Labor day and hoping for a robust pipeline.

Contact: Ioana Barza
ioana.barza@tr.com